

**Exploring the influence of Interest Free
Microfinance programmes on empowerment of the
participating women borrowers in Pakistan:
An interpretative inquiry**

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Table of Contents

Table of Contents	i
List of Tables.....	vii
List of Figures	viii
List of Abbreviations.....	ix
Acknowledgments	x
Dedications.....	xi
Abstract	xii
Chapter 1 Introduction	1
1.1 Evolution of the idea	1
1.2 Background to the study.....	2
1.3 Research aims and objectives and research question	4
1.4 Research Methodology.....	6
1.5 Rationale for carrying this study	7
1.5.1 Why focus on empowering women in Pakistan?.....	7
1.5.2 why focus on subjectivity of women empowerment	9
1.5.3 Why focus on IFMIs in Pakistan?	10
1.5.4 Defining interest free microfinance	12
1.6 Organisation of this thesis	13
Chapter 2 Review of the Literature.....	14

2.1 Introduction	14
2.2 Microfinance	16
2.2.1 Review of microfinance definitions	16
2.2.2 Historical background of the concept	19
2.2.3 Development of conventional microfinance.....	21
2.3 Review of leading microfinance models	24
2.3.1 Grameen Model	25
2.3.2 Banco-Sol Model	29
2.3.3 Bank Rakyat Indonesia model (BRI model).....	31
2.4 Theoretical assumptions underpinning microfinance	32
2.4.1 Group lending	35
2.4.2 Dynamic incentives	38
2.4.3 Repayment Structures	39
2.4.4 Training and education	40
2.4.5 Substituted Collateral	42
2.5 Contemporary trends in the microfinance industry	42
2.5.1 Financial sustainability vs. social welfare	43
2.5.2 Conflicting evidence on the impacts of microfinance	46
2.5.3 Emerging Interest Free Microfinance Institutions (IFMIs)	51
2.6 Microfinance and women empowerment	66
2.6.1 Preference for women in Microfinance	68

2.6.2 Review of theoretical literature on women empowerment.....	71
2.6.3 Review of empirical literature on women empowerment and microfinance.....	85
2.6.4 Problems in selecting empowerment indicators	104
2.7 Microfinance practices in Pakistan	114
2.8 Analytical framework for examining the empowering impact of IFMIs	120
2.8.1 Relevance of capability approach to women empowerment	121
2.8.2 Capability Approach.....	125
2.8.3 Martha Nussbaum's contributions and criticism	131
2.8.4 Resources in capability approach	133
2.9 Chapter Summary.....	144
Chapter 3 Research Methodology.....	146
3.1 Introduction	146
3.2 Research Paradigm and associated philosophies	146
3.2.1 Ontology of this thesis.....	148
3.2.2 Epistemology of this thesis.....	150
3.2.3 Methodology.....	152
3.2.4 Research methods for data collection	155
3.3 Recruitment of translator.....	166
3.4 Data analysis and interpretation	167
3.4.1 Quality issues in qualitative research	172
3.5 Research Setting.....	174

3.5.1 Akhuwat Foundation	174
3.5.2 Key Lending Methodology of Akhuwat.....	177
3.5.3 Organisational Structure of Akhuwat	179
3.6 Instrument development.....	183
3.6.1 Designing interview guide.....	183
3.6.2 Implementing pilot study and refining research instrument	185
3.7 Participants' demographic characteristics	190
3.8 Key loan characteristics and features of study participants	194
3.9 Chapter Summary.....	201
Chapter 4 Findings and analysis	202
4.1 Introduction	202
4.2 Themes of perceptions on women empowerment: First research question	202
4.2.1 Personal empowerment.....	206
4.2.2 Financial Empowerment.....	214
4.2.3 Socio-cultural/political empowerment	220
4.2.4 Summary of themes conceptualising perceived empowerment	234
4.3 Empowerment through seeking interest free loans from Akhuwat: The second research question	236
4.3.1 Personal empowerment.....	237
4.3.2 Financial empowerment	249
4.3.3 Socio-cultural/political empowerment	256
4.4 Chapter Summary.....	263

Chapter 5 Discussion on research findings	264
5.1 Introduction	264
5.2 Dimensions and indicators of women’s perceived empowerment: A comparison with the literature	264
5.2.1 Personal empowerment.....	268
5.2.2 Financial empowerment	271
5.2.3 Socio-cultural and political empowerment.....	273
5.3 Empowerment through participation in IFMPs: comparison with the literature	275
5.3.1 Influence on personal empowerment.....	278
5.3.2 Influence on financial empowerment	281
5.3.3 Influence on socio-cultural empowerment	284
5.4 Chapter Summary.....	287
Chapter 6 Conclusion and recommendations	289
6.1 Introduction	289
6.2 Summary of significant findings	289
6.2.1 How do women perceive empowerment in a context relevant to their respective lives?.....	290
6.2.2 How does participation in interest free microfinance programmes influence women’s perceived empowerment?	291
6.3 Research implications	295
6.4 Contributions of the study	297
6.4.1 Research novelty.....	297

6.4.2 Originality of contributions of this study	298
6.5 Research limitations	299
6.6 Areas for further research.....	300
References	302
Appendices	323

List of Tables

Table 2-1 Structure of chapter 2	15
Table 2-2 Quran prohibiting interest in Islam.....	54
Table 2-3 Features of interest free microfinance in comparison to conventional microfinance	57
Table 2-4 Product portfolio of IFMIs	60
Table 2-5 Definitions and concepts of (women) empowerment.....	75
Table 2-6 Summarising key research studies.....	86
Table 2-7 Indicators of women empowerment	107
Table 2-8 Microfinance Providers in Pakistan.....	117
Table 3-1 Steps in interpretative phenomenological analysis.....	168
Table 3-2 Cost Structure of Akhuwat	175
Table 3-3 Performance of Akhuwat in Pakistan	176
Table 3-4 Demographic features of pilot study participants.....	188
Table 3-5 Breakdown of demographic characteristics of women borrowers	193
Table 3-6 Breakdown of loan characteristics of women borrowers of IFMPs	199

List of Figures

Figure 2-1 worldwide status of microfinance (2014)	24
Figure 2-2 Percentage of Female Inclusion in Grameen Banks' Programmes	28
Figure 2-3 Matrix of lending methodology and target market	34
Figure 2-4 Matrix of lending methodology and target market of MFIs	52
Figure 2-5 Empowerment Spiral.....	77
Figure 2-6 Process of Empowerment.....	82
Figure 2-7 Active borrowers of MFPs in Pakistan (2007-2016)	118
Figure 2-8 Gross Loan portfolio (2007-2016)	119
Figure 2-9 Capability Analysis	134
Figure 3-1 Organisational chart of Akhuwat	181
Figure 4-1 Mind-mapping empowerment perceived by the women participants	205
Figure 4-2 Conceptual model of perceived empowerment.....	235

List of Abbreviations

BRI	Bank Rakyat Indonesia
CGAP	Consultative Group to Assist the Poor
EAP	East Asia and Pacific
EECA	East Europe and Central Asia
GLP	Gross Loan Portfolio
IFMIs	Interest Free Microfinance Institutions
IFMPs	Interest Free Microfinance Programmes
IFM	Interest Free Microfinance
LAC	Latin America and Caribbean
MDGs	Millennium Development Goals
MENA	Middle East and North Africa
MFIs	Microfinance Institutions
MFPs	Microfinance Providers
MIX	Microfinance Information Exchange
NBMFIs	Non-Bank Microfinance Institutions
NFIS	National Financial Inclusion Strategy
NGO	Non-governmental Organisations
NRSP	National rural support programme
PKR	Pakistani Ruppee
PMN	Pakistan Microfinance Network
PPAF	Pakistan Poverty Alleviation Fund
PRSP	Punjab rural support programme
ROSCAs	Rotating Savings and Credit Associations
RSPs	Rural Support Programmes
SBP	State Bank of Pakistan
SRSP	KPK/Sarhad rural support programme
SRSP	Sindh rural support programme
TRSP	Thardeep rural support programme
UK	United Kingdom
UN	United Nations
USA	United States of America
USD	United States Dollar

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Dedications

I would like to dedicate this thesis to my late father; Bashir Ahmad, to my beloved mother for her unvarying prayers, to my sweet wife; Lubna Adnan, for her unconditional love, to my sweet daughter; Aayleen Fatimah, for bringing in my life happiness beyond imagination, and to my siblings.

Abstract

This study has argued that conventional microfinance has failed to serve a large number of Muslim consumers worldwide, which provided an opportunity to interest free microfinance to emerge as a subsector within the microfinance industry to serve this unserved target market. In the last few years, it has acquired particular recognition in Pakistan; however, there is lack of evidence to suggest that interest free microfinance is more successful than conventional microfinance. In this context, this study investigates the influence of interest free microfinance on empowerment of the women borrowers, which is one of the two main objectives of microfinance interventions.

This study has also highlighted that extant microfinance literature has ignored the contextual and subjective nature of women empowerment in conceptualising the impacts of microfinance on women empowerment, which may significantly misrepresent the potential of microfinance. This study has attempted to fill the knowledge gap by employing interpretative phenomenology as a research methodology to achieve two specific research objectives: (a) to explore, in the microfinance context, women borrowers' perceptions on what empowerment means in their respective lives to identify empowerment indicators; and (b) to explore women's experiences of participation in interest free microfinance programmes to study the influence of interest free microfinance on women's perceived empowerment.

Applying theoretical lens of capability approach, this study has used in-depth semi-structured interviews and participant observation to gain insights from women's perceptions and lived experiences of participation in interest free microfinance programmes. The study has been carried out in Pakpattan district of Pakistan in the context of Akhuwat foundation, which is the largest interest free microfinance organisation in Pakistan. Akhuwat offers a range of small-scale financial products and services to the poor throughout Pakistan.

Consistent with the research methodology, interpretative phenomenological analysis has been used to analyse the data collected from 29 purposefully selected women borrowers of Akhuwat in Pakpattan district. This study has identified eight empowerment indicators from local women's perspective, which have been organised under three superordinate themes: personal empowerment, financial empowerment, and socio-cultural/political empowerment. Based on research findings, this study has found no major influence on women's perceived levels of empowerment, although, majority of the research participants experienced improvements in their financial circumstances at household and business level. The study findings show that the many of the research participants experienced improved self-confidence, greater sense of financial stability, improved relationships and a sense of control on life. A significant and unique finding of this study is that empowerment indicators are not only context specific but person specific as well; since empowerment indicators did not mean or signify empowerment for research participants collectively.

Chapter 1 Introduction

1.1 Evolution of the idea

More recently, interest-free microfinance has evolved as an alternative to conventional microfinance to address financial needs of the poor Muslim consumers, who are reluctant to participate in interest-based transactions due to their religious obligations (Hes & Polednakova, 2013). Research has shown that interest-based microfinance has largely failed, particularly in Islamic countries, to address this segment of consumer market, which consists of more than 1.8 Billion consumers worldwide (Abdullah & Ismail, 2014; Chakrabarty, 2015; Meraj, 2016). Interest free microfinance institutions (hereafter, IFMIs) are mainly working in Islamic countries, which is why it is also known as Islamic microfinance, and offer a range of financial products and services, particularly interest-free credit, to the poor Muslim consumers with an aim to enhance financial inclusion (Karim et al., 2008; Shaikh et al., 2017). Robinson (2001) found that IFMIs are achieving their targets of poverty alleviation more successfully than their counterparts (conventional microfinance institutions, hereafter MFIs) and their outreach in terms of depth is also better than conventional MFIs. Ekpe et al. (2010) further substantiated this view by highlighting the far-reaching impacts of IFMIs and their capacity to serve underserved rural areas and agricultural groups, which is also recognized by the World Bank as well as United Nations. A report prepared by Karim et al. (2008, p. 1) on behalf of the Consultative Group to Assist the Poor (hereafter, CGAP) concluded that, “Islamic microfinance has the potential to expand access to finance to unprecedented levels throughout the Muslim world”. Shaikh et al. (2017) have further supported this view by reporting in their study that 26 out of 36 countries including Pakistan, who are members of Organisation of Islamic Cooperation and where sufficient data were available for analysis, had microfinance

outreach less than 10% of their poor. They found voluntary exclusion due to interest-based structure of conventional microfinance as one of the major reason for microfinance outreach gap. Both of these studies, Karim et al. (2008) and Shaikh et al. (2017), signify the importance of interest-free microfinance for Muslim consumers as well as the potential of IFMIs in Islamic countries. However, Karim et al. (2008) have also recognised that majority of the research on the subject of IFMIs has been carried out in Indonesia, therefore, further rigorous research, particularly from other Islamic and developing countries, is needed to explore this area.

While, there have been few attempts to study the viability of IFMIs to address poverty (Aslam, 2014; Farooq & Khan, 2014; Iqbal et al., 2015; Mahmood et al., 2015), there is lack of evidence to show participation in IFMIs helps empower women, which is an equally important objective of microfinance (Norwood, 2013). Furthermore, even in the conventional microfinance literature, the evidence on the role of microfinance in empowering women is consistently contested (Ganle et al., 2015; Hashemi et al., 1996; Narishma et al., 2016; Rehman et al., 2015), which requires further attention as well. Drawing from the extant literature, this study argues that one of the major reasons accounting for these conflicting findings is the lack of contextual understanding in conceptualising the impact of microfinance on women empowerment, which is cited by earlier studies as well (Afshar, 2016; Gram et al., 2016). Against this background, this study was set to explore how IFMIs empower women borrowers in Pakistan.

1.2 Background to the study

This study investigates the influence of participation in IFMPs on empowerment of the women borrowers by exploring women's perceptions on what empowerment means in their lives to examine how it is influenced by participating in interest free microfinance programmes (hereafter, IFMPs). The study has highlighted multiple gaps in the theoretical and empirical

literature, which centres on microfinance and women empowerment. First, it has argued that conventional microfinance has failed to serve millions of Muslim consumers worldwide due to its interest-based structure, which has attracted IFMIs to serve this consumer market requiring small-scale financial services. However, there is a lack of evidence on the viability of IFMIs to empower women in Islamic countries, which calls for further rigorous research (Karim et al., 2008; Meraj, 2016; Rehman et al., 2015). Second, existing microfinance literature has largely employed pre-established list of empowerment indicators to assess the impact of microfinance on women empowerment by ignoring the contextual and subjective nature of empowerment, which may significantly misrepresent the potential of microfinance to empower women (Sutton-Brown, 2011; Tuuli & Rowlinson, 2007). Third, most of the existing studies have been carried out from institutional perspective to evaluate the performance of lending institutions; thus, ignoring the user perspective in conceptualising the impacts of microfinance on women empowerment (Dormekpor, 2015). Finally, this study has argued that majority of the existing studies on this subject have used quantitative research methods to quantify an unquantifiable phenomenon; which cannot address how a change has occurred and what has caused this change (Ganle et al., 2015), which requires a shift of focus on more interactive and in-depth qualitative research methods (Henry et al., 2008).

It is noted from the literature that empowerment is a multi-cultural and multi-dimensional phenomenon (Malhotra et al., 2002; Mayoux, 1998), which makes it highly subjective in nature (Tuuli & Rowlinson, 2007), which requires researchers to study it in relation to a specific context. It is equally true for Pakistan, although, empowerment is a new concept for majority of the women, particularly rural, in Pakistan. However, as mentioned earlier, a large number of studies have ignored the context in conceptualising the impacts of microfinance services on empowerment of the women borrowers, which raises question on the validity of the findings of such studies. The present study has particularly attempted to address subjective nature of the

empowerment phenomenon as experienced by the women borrowers. It has valued the perspective of the participating women borrowers to let them talk about their lifeworld and their experiences of participation in IFMPs offered by Akhuwat in Pakpattan district, Pakistan. It is unique in a way that it did not intend to evaluate or assess empowerment against objectives of the lending institutions or their expected outcomes. There are limited studies that have examined the impact of microfinance on women empowerment from this perspective, particularly in the context of Pakistan. Drawing from the assumptions of capability approach (Nussbaum, 1997; Nussbaum & Sen 1993; Sen, 1993, 2001, 2005), this study has argued that women empowerment is characterised by freedom of choices, availability of options and ability to choose what women value in their respective lives and hence it should be seen in terms of both functionings (what women do) and capabilities (what women can do). Therefore, the framework of capability approach has largely formed the foundation for exploring women's experiences of participation in IFMPs to conceptualise the influence of IFMPs on women empowerment.

1.3 Research aims and objectives and research question

The aim of this study is to explore the influences of interest free microfinance programmes on women empowerment within the context of Pakpattan district in Pakistan. The study aim will be achieved with the help of following two specific research objectives:

1. To explore, in the microfinance context, women borrowers' perceptions on what empowerment means in their respective lives to identify empowerment indicators
2. To explore women's experiences of participation in interest free microfinance programmes to study the influence of IFMPs on women's perceived empowerment

Having presented the research aim and objectives, the main research question, this study seeks to answer is: How do interest free microfinance institutions empower women borrowers in the context of Pakpattan district of Pakistan?

The main research question will be answered by addressing two subsidiary questions:

1. How do the women borrowers of interest free microfinance institutions perceive empowerment in a context relevant to their lives?
2. How does participation in interest free microfinance programmes influence women's perceived empowerment?

This study is particularly important for its unique approach to explore subjectivity of women empowerment within a specific-context (Garikipati, 2013) of Pakistan by privileging women's perceptions, which is the least researched area in this context. Although, the research area chosen by the researcher is complex and multidimensional (Chaudhry et al., 2012), yet it is ground-breaking since no previous research has focused on women empowerment within the context of IFMIs with such a deep apprehension and profoundness, particularly in Pakistan. The lack of research evidence on women empowerment from borrower's perspective is all that made this study more important to explore empowerment based on women's perceptions (Leder, 2016) and their experiences of participation in microfinance programmes. Most of the existing studies used questionnaires based survey to quantify an unquantifiable phenomenon; therefore, the findings of this study are significant for both theorists and practitioners, which can help design better pro-women financial products and services.

1.4 Research Methodology

In preserving the integrity of the research questions, this study has been executed from the user perspective without imposing researcher's own aspirations of what women empowerment should be. Therefore, qualitative research methods have been selected as an adequate means of achieving the objectives of answering the research questions posed within this study. It so does by referring to the extant literature that has recognised the inherited limitations of quantitative methods and structured surveys to contribute to enhance understanding on the subjectivity of women empowerment (Ganle et al., 2015; Mayoux, 1998; Roodman & Morduch, 2009). Majority of the existing studies have attempted to measure the impact of microfinance programmes on women empowerment by employing quantitative research methods using a pre-established criterion; however, such an approach can only find the impact in relation to set goals or objectives to assess only the performance of certain empowerment interventions (Batliwala & Pittman, 2010). It cannot tell how the change, if any, has happened and what has caused this change, which implies that traditional quantitative research methods are unlikely to capture a true picture of the microfinance influences on the empowerment of participating women borrowers (Batliwala & Pittman, 2010; Mayoux, 1998). Similarly, another argument is that quantitative research methods are more likely to offer a limited opportunity to profoundly explore the research participant's narratives (Ganle et al., 2015).

On the contrary, employing qualitative research methods provided an opportunity to explore empowerment phenomenon by analysing the research participants' views, their ambitions, their living circumstances, the structure of household power relations and any change thereof in relation to their lived experiences of participation in IFMPs (Ganle et al., 2015; Karnieli-Miller et al., 2009; Myers, 2013). It enabled the researcher to present a detailed account of contextual understanding of what empowerment meant in women borrowers' lives, what they valued and

more importantly why they valued certain aspects of empowerment over the others and how participation in microfinance has influenced their perceived levels of empowerment. Moreover, the potential respondents (poor Pakistani women) of this study were less likely to be able (comfortable) to read or write to answer the questions; hence, selecting qualitative methods was indeed a better option. The research methods of semi-structured interviews and participant observation are informed by the chosen research approach for primary data collection. A research diary has also been maintained throughout to record important things during the research process.

1.5 Rationale for carrying this study

The rationale for carrying this study is discussed with the help of following subsections:

1.5.1 Why focus on empowering women in Pakistan?

Throughout the world, the gender inequalities persist be it the opportunities available to women and men or access to resources; however, such disparities are more common in developing countries, such as Pakistan (Dunford, 2012; Postmus et al., 2013). It is debatable what propagates inequality among gender; however, Epstein (1988), in this respect, argues that gender inequalities are neither accidental nor a fact of nature but are reproduced institutionally. The most important among the institutions of inequalities is ‘the family’ and the others include societal factors, economic power, share of work load, abuse and harassment of women etcetera (Sharma & Varma, 2008). Many others, however, argue that male dominance or patriarchal culture is the major source of gender inequalities (Nawaz, 2015). In the wake of development, efforts have been taken to address the issue of gender inequality; however, gender inequalities are still prevalent in developing countries (Dormekpor, 2015).

One of the most prominent cases of a country struggling with the competing dynamics of development, modernisation, religion and tradition is indeed Pakistan, which is the sixth most populous country on the earth. It has been ranked at 143th position out of 144 countries worldwide according to the reported findings of world Economic forum Gender Gap Report of 2016 (World Economic Forum, 2016). Pakistani women have largely been deprived of their rights to education, property, health, employment, marriage and even to have a say in household decision-making (Human Rights Commission of Pakistan, 2012). According to UNESCO (2012) report nearly half of the rural females in Pakistan has never attended any schooling, which implies they are more likely to be a victim of gender inequality as well as disempowerment. In countries like Pakistan, the patriarchal culture prevails that inhibit women from advancing in their lives. Ali et al. (2011, p. 1) write that, “Pakistan is a patriarchal society where men are the primary authority figures and women are subordinate”. Qazi et al. (2013, p. 10) by reflecting on this posited that, “national patriarchy society is the place where women are not only under the men’s power but are also subject to discrimination, dishonor, exploitation, control, subjugation and violence.” These inequalities exist even in terms of “basic necessities like right to food, education, employment, healthcare, and decision-making power” (Ray, 1994, Cited in Qazi et al., 2013, p. 10). In order for development to take place in Pakistan, these socio-economic gender inequalities need to be addressed. It necessitates a dire need to work on the economic and social freedom of the women and one way of addressing this issue is to empower women by giving them access to the pool of resources, primarily, held by the opposite sex. It is also supported by World Bank’s perspective of empowering women, which emphasised that,

“Investing in women is critical for poverty reduction. It speeds economic development by raising productivity and promoting the more efficient use of resources; it produces significant social returns, improving child survival and reducing fertility, and it has

considerable intergenerational pay-offs (World Bank, 1995, Cited in Chant, 2016, p. 22)”.

In this respect, microfinance has evolved as an effective tool for empowering women at the grassroots level by raising the barriers impeding women empowerment (Datta & Sahu, 2017; Drolet, 2010; Krenz et al., 2014; Rehman et al., 2015). For instance, some studies have proven that microfinance has helped women with an increased control on economic resources (Hashemi et al., 1996), improved women’s decision-making abilities (Holvoet, 2005), helped women in educating their children (You & Annim, 2014), enhanced women’s independency (Steele et al., 1998) , improved women’s agency dynamics (Krenz et al., 2014) , helped women build social relations (Holvoet, 2005), positively affected mental health of women (Hansen, 2015) and so on. However, many other studies argue that the financial products and services offered by these MFIs lack in design, which failed to cater the needs of the poor women (Garikipati, 2013; Goetz & Gupta, 1996; Meraj, 2016). Largely inconclusive findings of impact assessment studies call for further rigorous research in this area, which has motivated the present researcher to study women empowerment in Pakistan, which is the least researched area in this context. The findings of this study have enhanced current understanding by making meaningful recommendations to design better pro-women small-scale financial products and services, particularly in Pakistan.

1.5.2 why focus on subjectivity of women empowerment

It has been observed, from Malhotra et al. (2002) and Rehman et al. (2015) among others, that context within which to examine empowerment is an important factor in determining the true nature of empowerment experienced by the women participating in microfinance programmes. However, majority of the existing impact assessment studies have used pre-defined criteria for assessing empowerment, which is not necessarily true for the underlying context in which

empowerment had been assessed or examined. Using a pre-defined criterion might actually fail to present a true picture of the empowerment experienced by the participating women; hence, the findings of such studies are highly likely to either under-represent or over-represent the impacts of microfinance programmes on women empowerment (Garikipathi, 2008, 2013; Kabeer, 2001). It is based on the premise that empowerment is a complex phenomenon, which is highly influenced by the cultural and social norms and traditions of a specific context (Bayissa et al., 2017; Cattaneo & Goodman, 2015; Kabeer, 1999a, 2001, 2005; Kulkarni, 2011; Malhotra et al., 2002; Mayoux, 1998; Rehman et al., 2015). In this respect, Malhotra et al. (2002) argued that one or more pre-defined empowerment indicators might be helpful in only one context and might not even mean empowerment in another context. The present study has addressed this issue by exploring women's perceptions on what empowerment means in their life to identify context specific empowerment indicators to capture a more realistic image of women borrowers' empowerment experiences after participation in IFMPs offered by Akhuwat in Pakpattan district in Pakistan.

1.5.3 Why focus on IFMIs in Pakistan?

Pakistan is an Islamic country, whereby more than 97% people practice the religion of Islam and Islam prohibits Muslims from participating in any transactions involving interest (Kaleem & Ahmed, 2010; Rahim & Rahman, 2010). On the other hand, it is also an under-developed country, which is struggling to tackle many issues including poverty and women empowerment (Noreen, 2010; Qazi et al., 2013). Pakistan committed, at the UN Millennium Summit of 2000, to bring overall poverty down to 13% by 2015 (Pakistan MDGs Report, 2004) as well as introduce measures for empowering women in Pakistan including women's education and women rights and safety (Pakistan MDGs Report, 2004, 2013). The reports published by Pakistan Microfinance Network (hereafter, PMN), State Bank of Pakistan (hereafter, SBP) and

Pakistan Poverty Alleviation Fund (hereafter, PPAF) have oftentimes stated that microfinance is serving as primary means of achieving MDGs (Pakistan Microfinance Network, 2006, 2013, 2014, 2015). However, the reality is somewhat different. For instance, according to official sources poverty in Pakistan has in fact risen to 40% in 2015 against the set objective of 15% (Pakistan MDGs Report, 2013; Pakistan Ministry of Planning, 2016); whereas, non-official sources claim that more than 50% live below the poverty line in Pakistan (Imran, 2015; Rana, 2016). Similarly, it has failed to achieve the women empowerment objectives as defined by MDGs (Pakistan MDGs Report, 2013). Pakistan Microfinance Network (2006) reported that the estimated potential market of microfinance in Pakistan is 27 million borrowers. However, by taking poverty line as the indicator for potential microfinance borrower, in 2016 the potential market of microfinance consisted of more than 50 million borrowers. Pakistan had set the microfinance outreach goals of reaching 3 million borrowers by 2010 and 10 million borrowers by 2015 (PMN & BR, 2013). However, actual outreach in 2015 was 3.6 million borrowers, which was far below the target set for the year 2015 (Pakistan Microfinance Network, 2015). It can be safely established that microfinance sector in Pakistan is not performing well despite of putting so much efforts in instituting a vibrant microfinance sector in Pakistan by the government as well as participating public and private organisations. The present researcher has argued that the major reason for failing to reach the set outreach objectives is inherited in the religious prohibition of participating in interest-based transactions irrespective of the personal or business initiatives.

It is substantiated by a recent study undertaken by Meraj (2016), which concluded that majority of the people in Pakistan are reluctant to participate in conventional (interest-based) MFIs. The study employed street intercept survey method to collect data from 332 respondents from 6 districts of Karachi. The study findings show that majority of the respondents (65.35%) blamed conventional MFIs for charging exorbitantly high interest rates, 56% reported that current

microfinance programmes do not empower the poor, 66.16% responded that conventional microfinance do not serve the poorest of the poor, 62% agreed that conventional MFIs do not alleviate poverty, 67% blamed conventional MFIs for using unethical repayment recovery methods, and 70.48% responded that conventional MFIs focus more on making profits than social work. Moreover, in terms of respondents' choice of potential borrowing, 76% responded to choose IFMIs for future borrowing, 16% opined that they will use informal sources such as relatives and friends, whereas only 6% responded to borrow from conventional MFIs. These findings illustrate the potential of IFMIs in Pakistan and so the rationale for exploring how IFMIs empower the participating women borrowers. The findings of present study have contributed to the scarcely existed literature on interest-free microfinance and women empowerment.

1.5.4 Defining interest free microfinance

In contrast to the conventional microfinance models, interest free microfinance has its origins in the teachings of Islam, whereby the practice of money lending with an intention of charging interest, or 'Riba' (an Islamic word for interest), is strongly prohibited (Kaleem & Ahmad, 2010; Rahim & Rahman, 2010). Since Islam prohibits interest, Muslims are not allowed to engage in any activity originating from receiving or giving interest in any kind or form regardless of personal or business purposes. Although, there is a controversy between Islamic scholars, and similarly between economists from all over the world, in defining what 'sort of interest' should be considered 'unlawful' under the umbrella of Islamic principles and economic ethics respectively, the majority of Muslim scholars, and hence Muslim consumers, prefer to stay at length from interest-based transactions (Al-Harran, 1990; Dhumale & Sapcanin, 1999). Owing to the prohibition of interest in Islam, interest free microfinance has come forward as an alternative to conventional microfinance practices to deliver financial

services based on the interest free Islamic principles of trade and lending to cater the financial needs of Muslim consumers worldwide, particularly in Islamic countries such as Pakistan. Although, there is a complete code of practice for lending in Islam, a major difference between conventional and interest free microfinance is that financial transactions are free of any interest under interest free microfinance.

1.6 Organisation of this thesis

This study is organised in six chapters. Second chapter has presented a review of theoretical and empirical literature on three important areas. First, it has reviewed the conventional microfinance literature to highlight emerging trends in the microfinance sector. Second, it has reviewed the theoretical and empirical literature underpinning interest-free microfinance. Third, it has reviewed the extant literature on empowerment in the context of microfinance. Finally, this chapter has presented capability approach as a framework to explore women empowerment within the specific-context of Pakistan. Chapter three details the research methodology adopted for this specific study including the research paradigm, research philosophy, research methodology and methods for data collection. It has also discussed the research setting as well as the process of developing research instrument, testing research instrument in a pilot study and refinement of the research instrument. Finally, it has presented demographic and loan characteristics of the research participants of this study. Chapter four has presented the research findings in response to the research questions posed within this study. Chapter 5 has discussed the research findings in a broader context by comparing the research findings with the existing literature. Chapter 6 has concluded this study by summarising this study, presenting summary of significant research findings, discussing implications of this study, highlighting study contributions and acknowledging research limitations.

Chapter 2 Review of the Literature

2.1 Introduction

This chapter has presented a review of the literature on microfinance and women empowerment applicable to the context of this study. It was important to revisit theoretical and conceptual perspectives that are particularly relevant to establish the grounds for this specific enquiry. This chapter has presented the discussion in a systematic way. First, it has extensively reviewed literature on conventional microfinance to highlight emerging trends in the microfinance sector. This particular activity helped to locate interest-free microfinance as an emerging subsector in the microfinance industry, which is still a less explored area of research. Second, this chapter has reviewed theoretical and empirical literature that centres on interest-free microfinance by drawing a comparison between interest-based and interest-free microfinance. It has assisted the researcher to highlight that majority of the studies have focused on poverty alleviation aspect of IFMIs; whereas, women empowerment, which is one of the two main objectives of microfinance, has yet to be explored, particularly in Islamic countries, which requires attention both from academia and practice. Third, it has reviewed the literature on women empowerment in the microfinance context to highlight inconclusive and conflicting nature of research findings reported by existing studies, which calls for further rigorous research. Lastly, this chapter has presented capability approach as an adequate means of addressing the knowledge gaps highlighted in sections 2.5 and 2.6. The following table 2-1 gives an overview of the structure of this chapter by defining why it is structured in this way.

Table 2-1 Structure of chapter 2

Particulars	Description
Section 2.2	This section has reviewed the microfinance definitions to highlight issues noted in defining microfinance and microcredit. In this way the researcher was able to make a distinction between microfinance and microcredit. This section has further discussed microfinance in the historical context to highlight differences between conventional money lending practices and current microfinance system. It helped the researcher to address how microfinance practices are different from the conventional money lending practices that existed in the world as long as the history of human exists.
Section 2.3	This section has reviewed three most influential models of microfinance to understand theoretical differences in the microfinance practices practiced in different parts of the world.
Section 2.4	A review of conventional microfinance models enabled the researcher to discuss theories underpinning microfinance in this section. It facilitated the researcher to identify knowledge gap in the existing literature of microfinance.
Section 2.5	This section has highlighted contemporary trends in the global microfinance industry. It has also discussed the conflicting evidence on the impacts of microfinance on poverty and women empowerment, particularly in Islamic countries to highlight reasons of its failure to effectively and efficiently serve Muslim consumers worldwide. This section enabled the researcher to refine the knowledge gap to be addressed in this study.
Section 2.6	This section has further refined the knowledge gap by reviewing the extant theoretical and empirical literature on empowerment of the women borrowers in the context of microfinance. This sections sets the direction of this study.

Section 2.7	This sections has reviewed the development of microfinance sector in Pakistan and highlighted factors inhibiting the growth of microfinance in Pakistan.
Section 2.8	This section has presented capability approach as a unique way of understanding empowerment as experienced by the women borrowers of microfinance by addressing theoretical and empirical gaps in the extant empowerment literature in the context of microfinance.

Source: The researcher

2.2 Microfinance

2.2.1 Review of microfinance definitions

Microfinance is generally used as a term to refer to providing financial services to poor who lack collateral assets, have poor credit history or lack access to traditional financial system such as conventional banks (Abbas et al., 2005; Bateman, 2011). It is based on the assumption that poor people got a potential to counter poverty provided they have access to adequate financial resources (Bajwa, 2001; Banerjee et al., 2015). Although, microfinance precisely means ‘small credit’, the scope of microfinance goes beyond just lending small loans. According to Bliss (2005, p. 3), “microfinance includes access to a range of financial services and products, including credit, savings, money transfers, insurance and asset building mechanisms required by the unique and widely varying needs of poor people to enhance their ability to increase incomes and mitigate vulnerability in times economic stress”. Whereas, The Microcredit Summit Report (1997) has frequently used the word ‘microcredit’ in place of microfinance, which limits the scope of microfinance to only lending small loans. However, Dichter (1999) defined microfinance in terms of ‘providing financial services to the poor’. Similarly, Otero

(1999) as well as Ledgerwood (1999) referred it to ‘the provision of financial services’¹ to the poor people, particularly low income self-employed. Likewise, Bateman (2011, p. 1) states, “microfinance is the provision of tiny loans to the poor to help them establish or expand an income generating activity, and thereby escape from poverty”.

After carefully looking at these definitions, it can be observed that confusion perseveres in terms of defining microfinance. Some authors define microfinance as a range of financial services (such as Ditcher, Otero and Ledgerwood); the others (such as Schreiner) argue that it only includes loans and savings, whilst few among them (such as Bateman, 2011) just confine it to the facility of loan-making. Another very good and comprehensive definition comes from Robinson (1998, p. 9) , which states that, “Microfinance refers to small-scale financial services for both credits and deposits ---that are provided to people who farm or fish or herd: operate small or microenterprises where goods are produced, recycled, repaired or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools, and to other individuals and local groups in developing countries, in both rural and urban areas”.

Although, Robinson’s definition is wider in scope, it is still unclear whether microfinance is limited to ‘loans and savings’ or it includes other services such as insurance and money transfers. Asian Development Bank supports the later by stating that, ‘microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their micro-enterprises’ (Asian Development Bank, 2002, p. 2). Another important issue with Robinson’s definition is that he excluded ‘poorest of the poor’ from his definition by establishing that they are not the responsibility of the formal sector (Bliss, 2005), which is literally critical to the

¹ It includes loan, deposits, insurance and money transfers.

paramount concept of microfinance; whereby, the promoters of microfinance (Asian Development Bank, 2007; Pitt et al., 2006; Wright, 1999), claim that microfinance is designed for the very poor who do not have any collateral or cannot access conventional or formal financial system or have poor credit history.

These definitions of microfinance are wide ranging and have been repeatedly cited in various studies; however, some important characteristics of microfinance are not reflected in these definitions². For instance, as discussed earlier, these definitions mix microfinance with microcredit and overlook the training and education components - human capital aspects of microfinance - since microfinance programmes were originally designed to include these components to make vulnerable poor stand against poverty (Karlan & Goldberg, 2011; Kessy & Temu, 2010; Khandker, 2005; Pronyk et al., 2008). Similarly, these definitions do not take into account the social capital's aspects (generally defined in terms of trust, norms, and networks) of microfinance programmes since microfinance programmes directly or indirectly provide a platform for building networks and social connections by arranging regular meetings of their clients, or employing joint liability frameworks or using peer-pressure tactics (Anderson et al., 2002; Harriss & De Renzio, 1997; Ito, 2003).

Another important feature that is not envisioned by these definitions is the nearly exclusive focus on women (Sanyal, 2009) since it is an important objective of microfinance to empower women and include them in the development process, which was also manifested in Microcredit Summit Campaign (2000). The founder of modern microfinance, Muhammad Yunus, has particularly focused on women inclusion and more than 95% of Grameen Banks' clients are still women (Grameen Bank, 2014; Shamit, 2016). The prevalent claim of microfinance of achieving high repayment rates is above all associated with women borrowers

² Here, it particularly refers to the pioneering idea of microfinance as presented by M. Yunus.

(D'espallier et al., 2011). It is, therefore, important to include these characteristics in articulating a broad definition of microfinance. It is worth avoiding using interchangeably the terms 'microfinance' and 'microcredit' since it could potentially affect the conceptual precision in understanding the wider impacts of microfinance.

To this end, as Noreen (2010) delimits microcredit as an ingredient in the bowl of microfinance, microcredit in this thesis, is defined as a facility which is limited to lending small scale non-collateral loans to the poor and un-bankable people, particularly women. whereas, microfinance is referred to a facility of providing a broad range of financial and non-financial products and services to the poor, particularly women: financial services may include making loans, accepting deposits, providing insurance and money transfer facilities (Bliss, 2005); whereas, non-financial services may include educational and training programmes as well as information sharing hubs (Khandker, 2005; Kodongo & Kendi, 2013), and platforms for improving personal, social and professional networks, relationships and connections (Dowla, 2006; Postelnicu et al., 2013).

2.2.2 Historical background of the concept

The study of the evolution of microfinance is crucial in examining the macro-level impacts of microfinance system; however, it is critical to understand first the operational forms of the notion. The foundation of microfinance, as practiced today, lies in the centuries-old traditional and informal system of money lending and credit distribution system that has long been existed all over the world generally and, particularly in the developing countries (Ming-Yee, 2007). Although, the literature on microfinance has hardly acknowledged, microfinance is an innovation in the field of traditional money lending and informal credit distribution system. Hassan (2002) has reflected on this by referring to community based mutual transactions, which have long existed in the history of mankind. He further mentioned that, "transactional,

mutual, or personal credit suppliers, such as money lenders, rotating savings and credit associations (hereafter, ROSCAs), or friends and neighbours have always lent to the poor, providing the right quantity of credit at the right time and place, to low-income households” (2002, p. 207). Nonetheless, it cannot always cater the needs of the poor households at national level, particularly in times of catastrophic war and weather conditions; since it is primarily a role that should be played by the concerned governments.

To this end, microfinance was actually a direct response to the failed attempts (such as prevailing Subsidised Rural Credit Programmes and Structural Adjustment Programmes in the developing countries) by international development agencies and the state organisations (Datta & Sahu, 2017). In 1970s, Professor Muhammad Yunus, the founder of Grameen Bank of Bangladesh, confronted cataclysmic circumstances in Bangladesh (Aghion & Morduch, 2005) that were concluded by aftershocks of the war of independence from Pakistan and ongoing weather conditions. He found that government, in spite of the international support from donor organisations, was unable to address the large-scale credit requirements (for rehabilitation) of the poor, particularly living in the rural areas of Bangladesh. Furthermore, the traditional money lenders were exploiting the rural poor by charging high interest rates on loans accompanying callous lending conditions. He ended up in lending to the poor women of Jabra Village, at the outskirts of Chittagong (where Yunus was working as a university professor after returning from USA), by repaying their entire loan to the money lenders which was barely equivalent to 27 USD. The aftermath of this coincidental lending was improbable - since Yunus had not expected too much of this at that time - as the poor women not only managed to pay him back on time but also succeeded in utilising the credit efficiently in setting sustainable microbusinesses (Bliss, 2005). Based on the outcome of his small-scale lending experience, he extended his activities and envisioned a system, which we know as ‘microfinance’ today and later he developed a lending model known as ‘Grameen Banking Model’ (Yunus, 2003).

Owing to this, majority of the literature on microfinance refers back to 1970s in articulating the origins of the microfinance; however as discussed earlier, it is deeply rooted in the practice of money lending, which has probably existed as far as the history of money exists (Ming-Yee, 2007; Shah et al., 2007). Although it is difficult to escape the truth that money lending³ has never been largely accepted as a praiseworthy profession, it has always been a part of the centuries-old formal and informal financial system. It is beyond the scope of this study to present a detailed account on the history of microfinance or more accurately money lending; since it is well documented elsewhere (See for example: Hasan & Ahmad, 2009; Kochar, 2015; Roy, 2010).

It is observed from Yahaya and Osemene (2011) that microfinance has long been existed in the form of “Pasanku in Bolivia”, “Susus in Ghana”, “Cheetu in Srilanka”, “Chit funds in India”, “Tontines in West Africa”, “Tnadas in Mexico”, and “Arisan in Indonesia”. It was earlier practiced in the form of ‘credit and saving groups’ and ‘saving clubs and burial societies’ all around the world since centuries. Likewise, Seibel (2005) mentioned that a similar system had been functional in Germany and Ireland during 17th and 18th century. It all implies that current microfinance system is an outcome of various financing and lending experiments, which can be described as a ‘trial and error approach’ (Siebel, 2005) in the development of current microfinance system.

2.2.3 Development of conventional microfinance

The popularity of the term ‘microfinance’ can be seen from the development literature; where it has often been discussed by development agents, practitioners, economists, and scholarly and academic world. Apparently, the story of lending experiment of the founder of Grameen Bank,

³ With an intention of charging interest

discussed in section 2.2, has remarkably contributed in the expansion of microfinance. Today, this lending model has been replicated virtually everywhere in the world from Asia-Pacific to Sub-Saharan Africa, from Latin America and Caribbean to Eastern Europe and Central Asia, from Middle East and North Africa to North America and Western Europe.

In June 1995, the World Bank endorsed the mechanism of microfinance by launching a Microfinance Programme under CGAP to sponsor similar non-governmental organisation (hereafter NGO)-style microcredit programmes (Bliss, 2005). The major intention of the World Bank was to increase the income of the poor on sustainable basis by raising productivity. Its role in alleviating poverty was further augmented when Prof. Muhammad Yunus and Grameen Bank were jointly awarded Nobel Peace Prize in 2006. The Nobel Committee acknowledged that microfinance can be helpful in lifting people out of poverty, which is an important milestone for achieving long lasting peace and happiness. Subsequently, microfinance succeeded in attracting the attention of international development agencies and donor organisations by graduating from just a ‘novel’ idea to a Nobel Prize winning concept of fighting poverty. It was seen as a global opportunity to embark on raising awareness on the role and effectiveness of microcredit and microfinance in alleviating global poverty, sharing good practices, and supporting a sustainable pro-poor financial approach. In this way, the poorest-of-the-poor could be included in the financial sector; which was in line with the development agenda of the World Bank and United Nations of achieving global Millennium Development Goals (hereafter, MDGs), especially empowering women and bringing global poverty down to 50% by 2015 (Littlefield et al., 2003). It is based on the assumption that financial inclusion boosts economic development by improving financial stability and sustainability among the users of financial products and services (Hannig & Jansen, 2010).

The development of microfinance can, therefore, be largely attributed to the efforts of these international development agencies, donor organisations and their development agendas. It is

difficult to say exactly how many microfinance programmes are offering financial services worldwide but Microfinance Information Exchange (hereafter, MIX) reported that more than 2500 MFIs (hereafter, MFIs) are working in the world. According to Sengupta and Aubuchon, (2008) more than 50% of the clients live below poverty line⁴, which implies microfinance has been able to reach more than 50 million poor people through a range of financial services organised under MFIs. According to Microfinance Barometer (2016), 1045 microfinance MFIs, from all over the world, reported their performance to MIX in 2014 as shown in the figure 2-1. These MFIs served 111.7 million borrowers (81% female and 19% male) in 2014 with funds worth of 87.1 billion USD⁵. Based on the annual trends in the microfinance sector, it was estimated that the number of borrowers will increase by 15.8% by 2015. According to the figures reported in 2014, the dominant region in terms of Gross Loan Portfolio (hereafter, GLP) was LAC⁶ (40.6 billion USD) followed by EAP⁷ (12.9 billion USD) and SA⁸ (12.8 billion USD). In terms of outreach, SA took the lead in number of total borrowers with 64.1 million borrowers followed by LAC (21.6 million) and EAP (15.1 million). SA also succeeded in serving the highest number of female borrowers (92%) as well. Interestingly, Africa took the 2nd position in number of reporting MFIs (219) after LAC (349 MFIs); however, in terms of GLP (8.2 billion USD) and number of borrowers (5.3 million), it was far behind than any other region except EECA⁹ (11.3 billion USD and 3.5 million) and MENA¹⁰ (1.2 billion USD and 2.1 million) respectively. From these data reported, it can be established that microfinance has

⁴ Marked equivalent to 1.25 USD/day

⁵ American Dollar

⁶ Latin America and Caribbean

⁷ East Asia and Pacific

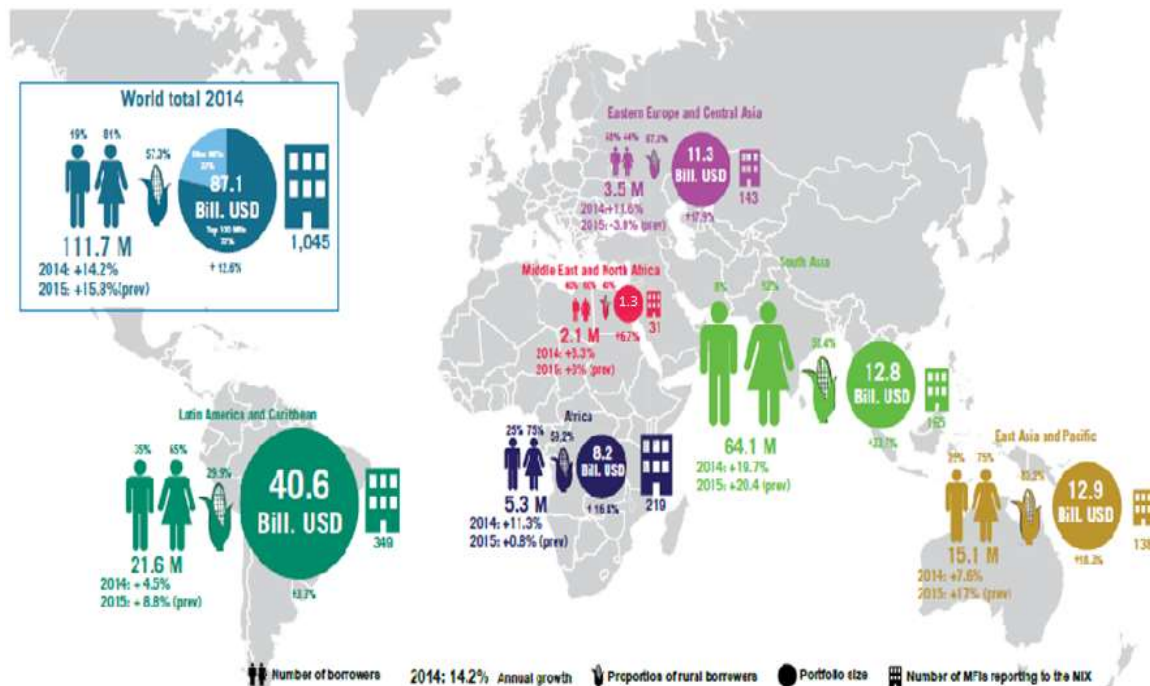
⁸ South Asia

⁹ East Europe and Central Asia

¹⁰ Middle East and North Africa

remarkably expanded from just a 27 USD loaning experiment of 1976 to an 87.1 billion USD industry of 2014 by serving more than 111 million borrowers worldwide.

Figure 2-1 worldwide status of microfinance (2014)



Source: Microfinance Barometer (2016)

2.3 Review of leading microfinance models

In the global microfinance industry, more than 2500 MFIs are working by employing different models and approaches depending upon the political, social, ideological, and cultural context of the country in which they operate (Weiss & Montgomery, 2004). In this section, however, the researcher has discussed the most dominant microfinance models to review the prevalent theoretical assumptions.

2.3.1 Grameen Model

The founder of Grameen Bank, Muhammad Yunus, introduced the Grameen banking model in Bangladesh, which is also known as joint liability model. Traditionally, the poor have been characterised as non-bankable due to their limited credit history and lack of collateral (Park & Ren, 2001; Zimmerman & Warschausky, 1998), which limits their ability to use their potentials in economic activities. Muhammad Yunus noticed that, based on his lending experience, poor people are not poor due to their lethargic behaviour and lack of brainpower, in fact, the lack of access to economic resources is the major reason of their privations. Being devastated with the conventional banking system, he envisioned a system of making financial provisions aimed at serving the non-bankable with an idea which is globally known as ‘Grameen banking model’ (Yunus, 2003). It was not only adopted in developing countries but developed countries such as America, United Kingdom and Australia also embraced it with enthusiasm to address issues of poverty and empowerment.

In Grameen lending model loans are normally disbursed to an organized group of five people (Sengupta & Aubuchon, 2008). The members of a particular group are chosen by the same group members to tackle the information asymmetry issues. Thus, the members cross-check other members and act as a cross-reference for each other. In this way, as Aghion and Morduch (2005) noted, the members will try to choose only the individuals who they believe will repay on time. In the first stage, only two people of that particular group receive the loan whilst others are to take their turn. Initially, the amount of loan is less than 100 USD and the interest charged is around 10 percent per annum (Grameen Bank, 2016); however, as Hulme (2008) noted, the interest rate varies significantly from 30% to 60% across the countries. The borrowers are required to deposit 5% of the face value of the loans with the bank immediately following the loan disbursement. Primarily, this deposit is meant to be used in dealing with emergency financial needs of the group members; however, the bank also intends to encourage their borrowers adopt

saving behaviour in this way (Hulme, 2008). After 4-6 weeks, depending upon the successful repayment of loan from those two members, the next two members of the same group qualify for the loan. Similarly, after observing those members for another 4-6 weeks and upon successful repayment the last person, in that group, qualifies to get the loan (Sengupta & Aubuchon, 2008). The extension of future credit depends upon the successful repayment of initial loans by all the members of the group (Hulme, 2008).

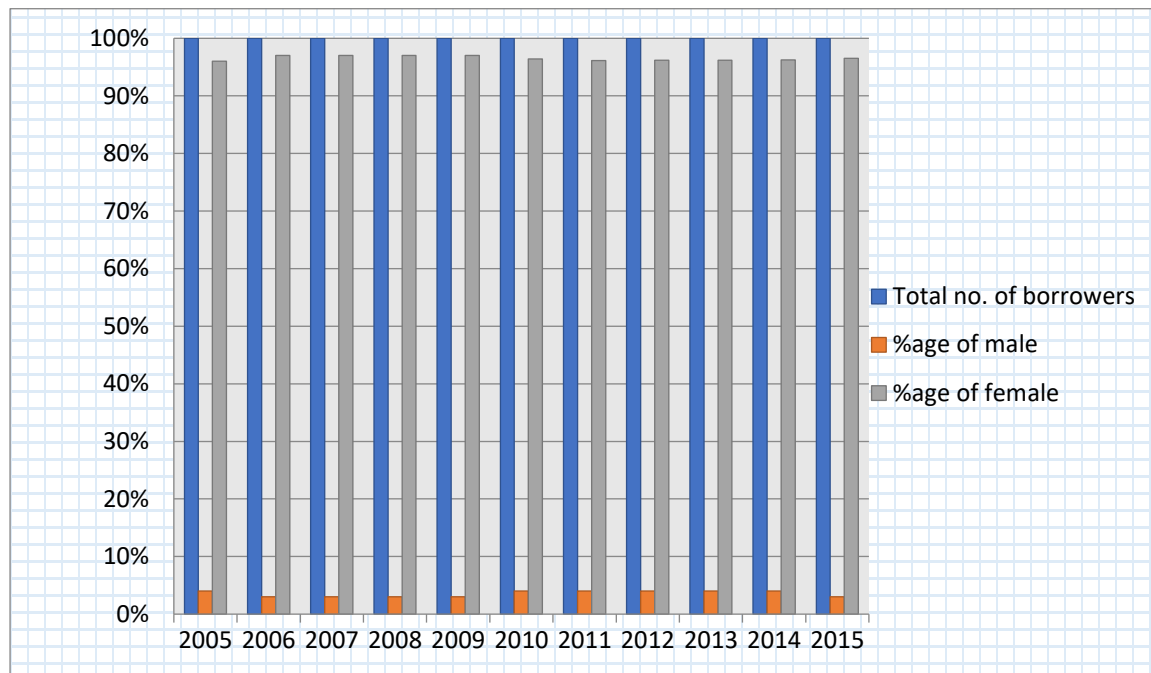
The members of a particular group are characterised by the same social and cultural background; hence, they are aware of the economic and financial circumstances of each other that has been used to cover monitoring cost by Grameen (Sengupta & Aubuchon, 2008). Eight groups, which are organized in a similar way, are linked to a Grameen Centre. The repayments, however, are received in a public meeting to up keep the social pressure. In this way, Grameen Bank not only maintains the transparency, it also let the entire village knows who has/has not made the repayments. Subsequently, if any member fails to make the repayment he has to face the whole village with shame. It creates a social pressure among the members of each group that made Grameen Model successful in Bangladesh (Odell, 2010).

In the Asian context, social pressure, created by group lending, is a strong disincentive to default on loans, which led “Grameen model or join-liability contract become the most celebrated lending innovation of the Grameen Bank” (Sengupta & Aubuchon, 2008, p. 12). It helps in bridging the information gap between the lender and the borrower and brings the cost down be it operating or monitoring. Ghatak and Guinnane (1999) also support this view by arguing that group lending methodology mitigates the risks that an outside lender can face such as moral hazard, lack of access to information regarding the true picture of the business supported, and the payment enforcement. They further maintain that it helps to address another important issue of adverse selection of borrowers which impedes outside lenders such as banks and international government agencies. Although Grameen model does not require any

financial collateral since it utilizes the social pressure among the members of the group as social collateral, the members are supposed to possess few assets to be accepted as a member.

A unique feature of Grameen model is the focus on female borrowers that accounts for more than 95% of the total Grameen borrowers since its inception till today (Grameen Bank, 2016) as shown in the figure 2-2. Moreover, the Grameen microfinance programmes also include education and training components which help borrowers in awareness building and collective bargaining. It also provides information on the rules, regulations and policies of the Grameen banking model to the borrowers. Prior to obtaining a loan, the members are required to meet regularly for 5-6 weeks to learn about the loan types, micro-savings options, amount of interest charged, centre norms, and banks' social slogans called 'Sixteen Decisions' (Grameen Bank, 2016). The members are more often required to cram the memorandum (sixteen decisions) of Grameen lending. The illiterate members are, however, provided with enough training to at least sign their loan documents. Based on the outcome of the training sessions, the high performing groups are called by the centre to make the announcements and sign the documents for loan approval. Following the next meeting at the centre, the successful group visits the bank to collect the amount of loan. The net amount plus 10 percent added annual interest is spread over fifty weeks of equal instalments. The borrowers are supposed to start making the instalments in the week following the week of loan released. The successful completion, of the first loan cycle by all the group members, is rewarded by offering an incentive of 10-30% increase in the initial loan amount (Sengupta & Aubuchon, 2008). Based on this established credibility, the group members also qualify for the seasonal or home loan.

Figure 2-2 Percentage of Female Inclusion in Grameen Banks' Programmes



Source: Grameen Bank (Retrieved from <http://www.grameen.com/annual-report-1983-2015/> on 13/06/2016)

In the late 90s, Grameen Bank underwent structural changes as a result of ongoing economic and political conditions and a new structure termed as 'Grameen II' was introduced to meet the contextual needs of Grameen Clients (Dowla & Barua, 2006). Although, the Grameen II was virtually similar to earlier version, it was meant to expand the banking operations to provide a range of other 'loan and saving mechanisms' such as educational and housing loans. Owing to the joint liability lending structure and popularity of Grameen models, majority of the literature vigorously focused on the group dynamics of microfinance and the ensuing impacts of joint liability structure. Consequently, the literature is over-shelved with studies simply measuring and evaluating the impacts of group based structures of microfinance models. However, majority of the international MFIs do not follow Grameen banking model, therefore, this study argues that we need to look beyond the group-based studies to take into consideration the individual lending microfinance models, Islamic microfinance models and

emerging interest free microfinance models, which are discussed under the section titled ‘emerging trends in the microfinance industry’.

2.3.2 Banco-Sol Model

Another important leading model was Banco-Sol model of Bolivia; however, it developed under quite different circumstances as compared to Grameen model of Bangladesh (Wiess & Montgomery, 2004) and it adopted a quite opposite approach of ‘commercial profitability’ as well. Originally, Banco-Sol was an NGO named ‘Promocion y Desarrollo de la Microempresa’ and also known as ‘PRODEM’ in Bolivia in late 1980’s. It used to extend small loans to a group (also known as solidarity group) of three or more people (although evolved over time to include individual lending models as well) who were engaged in entrepreneurial activities and needed financial help (Agion & Morduch, 2005, Sengupta & Aubuchon, 2008). Banco-Sol model, however, did not focus on social services but banking and the loans were released to all members simultaneously unlike Grameen model (Morduch, 1999). The initial loans are small in size with a promise of access to larger future loans if the repayments are successfully made on time. This idea of group lending is also known as progressive lending; hence, Banco-sol is also referred to as Banco-Sol Progressive Lending Model (Agion & Morduch, 2005).

PRODEM was later converted into a commercial bank named ‘Banco Solidario’ because of the regulatory hurdles in Bolivia to operate as an NGO and is currently famous as ‘Banco-Sol’ (Sengupta & Aubuchon, 2008). It provides a variety of financial products ranging from micro-loans to micro-insurance. Sengupta and Aubuchon also pointed out that its initial lending methodology of Banco-Sol was similar to Grameen model in a way that it extended loans to a group on joint-liability contract basis. Similarly, as is the case with Grameen model, on-time repayments by the group members enabled them to access bigger loans in future. The solidarity groups comprised of three to four individuals (up to seven) who were supposed to have at least

one-year related experience of the proposed occupation for which the loans are required. The annual interest rate charged by Banco-sol was in the range of 12%-24%, the length of the contract was in the range of 1-60 months, and 120 months in case of house loans (Sengupta & Aubuchon, 2008). To this end, Morduch (1999) even presents a contrasting view of Banco-Sol by submitting that during 1998 Banco-Sol loans were released at 48% annual base rate in addition to the upfront charge/commission of 2.5%. However, the borrowers with extraordinary performance records were eligible to qualify to discounts of up to 3%. According to what Morduch (1999) observed, the rate of interest charged by Banco-Sol was much higher than the contemporary Grameen model but still comparatively better than typical money lenders who may charge up to 10% per month.

By charging high interest rates, in contrast to the Grameen model, Banco-Sol was not only in a position to cater financial products without getting subsidies but made a respectable return on lending as well. In 1998, Banco-Sol reported 30% and 4.5% return on its equity and assets respectively that were inspiring figures relative to Wall Street investment in 1998 (Morduch, 1999). Banco-Sol model is marked by another distinction of making the repayment schedules flexible, which allowed the borrowers to adjust repayments either weekly or on monthly basis tailored to match the cash flows of farms and rural households (Navajas & Schreiner, 1998). Unlike the Grameen model, loan durations were also flexible ranging from 4-7, 7-10, 10-13, and up to 24 months. Morduch (1999) observed that Banco-Sol borrowers were comparatively better off than Grameen borrowers pertaining to the early discussed distinctions and with respect to the loan size (on average more than 900 USD initially in contrast to 100 USD of Grameen model) as well. However, as Navajas and Schriener (1998) noted, the typical borrowers of Banco-Sol were among the 'richest of the poor' in contrast to Grameen model, where typical borrowers were regarded as 'poorest of the poor'. Regardless of the structural differences in the approach adopted by Banco-Sol, it is known as the second most dominant

microfinance model in the literature, which was successfully and profitably replicated in most of the Latin American countries.

2.3.3 Bank Rakyat Indonesia model (BRI model)

Indonesia has one of the most differentiated rural financial sectors of any developing country, comprising of more than 50,000 banking and semiformal financial units, more than 80,000 channelling groups and innumerable ROSCAs (Siebel, 2005). BRI is the most famous bank of Indonesia, which has been providing financial services for more than a century and has played a revolutionary role in the development of rural microfinance. BRI's Unit Desa system, another popular microfinance model, is also known as a self-sufficient microfinance model. However, unlike Grameen and Banco-Sol models, it did not employ group lending methodology for loan making. Similarly, unlike other contemporary microfinance models, the borrowers of BRI were supposed to possess sufficient physical/financial collateral in order to stand eligible for BRI loans. BRI loan officers, however, were allowed to make specific exceptions, owing to the credibility of the borrowers, to release loans without fully back-up assets. On average, as Morduch (1999) noted, the loan size of BRI was equivalent to 1007 USD in 1996 that was much higher than Grameen Bank's average loan size of 100 USD. It implicitly implies that BRI was following the same approach of Banco-Sol of serving 'richest of the poor' by excluding the poorest from the borrowers' pool. In spite of this, the repayment rates of BRI model were as high (more than 98%) as of claims made by Grameen Bank as reported by (McGuire & Conroy, 1998).

An important distinction, however, can be seen from the ratio of loan and saving accounts of BRI model. Unlike, the other two models, BRI particularly focused on receiving deposits than offering loans; and by 1998, BRI was serving only 2 million borrowers as compared to 16 million depositors (Morduch, 1999). The bank was offering better saving rates to attract more

and more clients, which helped BRI in achieving the self-sufficiency without relying on external support. Although, the average size of deposits (180 USD) was significantly lower than average loan size (1000 USD), it was still a cheaper source of collecting funds (Morduch, 1999). Unlike Grameen, BRI model was not basically a social service organisation; hence, it was not providing any educational and training services. It was principally designed from a business perspective and took microfinance as a golden opportunity to make profitable loans (Robinson, 1994) and as Morduch (1999) reported BRI made profits of more than 175 million exclusively through BRI Unit Desa system. The percentage of interest on loans varied from 34% p.a. in general to 24% p.a. if the loans were repaid in full by the end of loan agreement.

2.4 Theoretical assumptions underpinning microfinance

Microfinance caught global attention by maintaining that banking with poor is not as risky as fancied by the conventional banking sector, whereby it is assumed that repayment capacity of the poor is tremendously uncertain. Therefore, banking with poor has more often been associated with high risks (lack of any collateral) and high costs (lack of processing and monitoring mechanism). Although, formal banking sector is not much convinced, since the past few decades microfinance has substantially changed this rationale by demonstrating that poor can be served at a large scale even in the absence of any collateral. However, the evidence on these claims was primarily supported by the frequently published anecdotal stories of the microfinance borrowers in the international media, particularly the experiences of Grameen women. It, therefore, urged the practitioners as well as academia to explore this area, and owing to this, a great deal of theoretical as well as empirical literature is fashioned around these claims.

At the outset, the theoretical literature on microfinance proposed that theory of joint liability, whereby the group members are jointly responsible for the loan repayment, has been the major

factor in achieving efficiencies in early microfinance models, particularly Grameen banking model (Hermes & Lensink, 2007; Hossain, 1988; Matin et al., 2002; Stiglitz, 1990). With time, it started emerging that although group lending has played a key role in achieving high repayments rates, it is not the only contributing factor (Carpena et al, 2012). Borrowing from early debates on microfinance, the present researcher has discussed theoretical foundations of microfinance in context of the above-mentioned microfinance models. To begin with, the socio-economic settings of the serving markets significantly varied from one model to another against the claims (of serving poorest of the poor) that have more often been presented by the predecessors (Matin et al., 2002). Moreover, BRI was not even following a group lending approach but still managed to successfully serve a large number of clients in Indonesia and maintaining repayment rates above 95%. In the figure 2-3, three pioneering models are placed in a matrix outlined by target audience on one side (horizontal axis) and lending approach on the other (Vertical axis) for a quick review. The ‘prospective area’ in the figure 2-3 represents the potential market for interest free microfinance industry, which is discussed later in the section named ‘emerging trends in the microfinance industry’.

Figure 2-3 Matrix of lending methodology and target market

Group Lending Approach	Grameen Banking Model	Banco-Sol Model
Individual Lending Approach	Prospective Area	BRI Model
	Poorest of the Poor	Richest of the Poor

Source: The researcher

Besides, the structural differences in designing these financial models might have also contributed in achieving high repayment rates and outreach in different contexts. For instance, the size of the initial and progressive loans, the dynamic incentives, regular repayment schedules and adequately substituted collateral might have worked well surreptitiously (Morduch, 1999). In case of Banco-Sol and BRI, the target market ‘richest of the poor’ could be another important factor in expansion of commercial microfinance in Bolivia and rural microfinance in Indonesia. On the other hand, Grameen’s exclusive focus on women could possibly be the most important factor behind the success of Grameen models in South Asia. In the following sub-sections, the researcher has briefly discussed these theoretical assumptions underpinning microfinance.

2.4.1 Group lending

At the outset, group lending approach fascinated both policy makers and academics of different intellect to design financial services around the ‘social’ assets of poor households in absence of any physical assets (Hermes & Lensik, 2007; Morduch, 1999). Other theoretical work posits that group lending is an innovatory technique to mitigate the risks of adverse-selection (Ahlin, 2013; Attanasio et al., 2014; Hermes et al., 2005; Morduch, 1999; Wydick, 1999). Ghatak (1999) postulated that group lending approach could be very effective in achieving high repayment rates, allowing for low interest rates and nurturing social welfare. Similarly, Attanasio et al. (2014) have argued that group lending induced the borrowers to use the loan money for the intended income-generating activity as compared to the borrowers who obtained loans through individual-lending. The members of a particular group usually belong to same class and region and they select peer members very carefully which helps the lender combat the risks of adverse selection (Ahlin, 2013). In case of default, along with the defaulting group member rest of the members will have to quit the programme membership as well since they can only access loans on their turn providing the first members payback on time. Now, as Rahim and Rahman (2010) observed, apart from the defaulting group member the others are not explicitly required to compensate his repayments, but there is a clear incentive to do so due to progressive lending mechanism. In this way, it is highly likely that risk averse borrowers will choose to group with similar type of borrowers since it induces the borrowers to self-select programmes based on the lending mechanism – group lending or individual lending schemes (Ghatak, 1999).

In this way, it is assumed that group lending mechanism work as a screening instrument to filter out the risky borrowers in the first place. It will lead to less incidents of future loan defaults, and in absence of risky borrowers, equilibrium forces will eventually bring the interest rates down (Rahim & Rahman, 2010). There could be another possibility, whereby

risky borrowers may choose to group with same type of borrowers; however, individual borrowers may still be less willing to default due to existing peer pressure and threat of ‘social sanctions’. Hence there is a possibility that the risky borrowers will be less likely to group with risky borrowers in the first place since they foresee a default by a peer member and they will be less willing to share the extra burden of joint liability (Besley & Coate, 1995).

A great deal of theoretical literature also argues that microfinance has been able to mitigate the risk of moral hazard by employing group lending methodology, which is an important contributing factor in maintaining high repayment rates (see for instance: Hermes et al., 2005; Ibtissem & Bouri, 2013; Morduch, 1999; Postelnicu et al., 2013; Wydick, 1999). Moral hazard, from the borrower’s perspective, occurs when the borrowers have not come in good faith, have not disclosed their true intentions or assets and liabilities, or their capacity of making repayments, or their intentions of investing in risky alternatives. From the lender’s perspective, moral hazard problems arise when the lender do not have an adequate mechanism to monitor their borrowers and their progress of income generating activities (Abdullah et al., 2014; Rahim & Rahman, 2010). In group lending methodology, the group members know each other and they implicitly give their consent to compensate in case of default of their peer member otherwise they could face a removal from the programme (Rahim & Rahman, 2010). In this way, as Stiglitz (1990) described, lending institutions design incentives for the group members to keep a close eye on each other and threat of facing social sanctions will ensure cooperativeness among the borrowers, which may keep group members to invest loan money in less-risky ventures. Morduch (1999) further emphasised that with group lending methodology the borrowers are frequently monitored by the fellow members who are their neighbours or friends in most of the cases. Therefore, they are less likely to default since the income, generated through investment activities, can be observed through other members and being under the threat of social sanctions the borrowers are more likely to declare the true facts

about their income and eventually repay their debt obligations (Aghion & Morduch, 2005). By employing group lending methodology, the bank or lender can exploit the ability of neighbours or friends to monitor and enforce the repayments – where the bank itself cannot do either (Morduch, 1999).

Theoretical literature on this scholarship, therefore, proposes that high repayment rates in microfinance are linked with its ability to substitute ‘physical collateral’ with ‘social collateral’ (Hermes & Lensik, 2007; Stiglitz, 1990). In group lending methodology, for instance, social collateral (or social capital more accurately) is used to completely or at least partly substitute physical or financial collateral. This social collateral is characterised by the social ties between group members that lies in relationships and networks between the group members and the “performance of the institution, in fact, is likely to be dependent on the strength of different types of social cohesion within borrowing groups” (Wydick, 1999, p. 464). According to this view, high repayment rates are linked with stronger social capital and vice versa. However, as Hermes and Lensik (2007) observed, strong social capital among the group members may not always be productive, particularly in close relationships, whereby people are less likely to exert pressure on their friends or neighbours or relatives for repayments. Moreover, as Postelnicu et al. (2013) has argued, social ties between the borrowing group members may not always be symmetric and if this holds true, implications for using social capital as social collateral may be different for different groups in different contexts.

Postelnicu et al. (2013) has provided a useful analysis of using social collateral to replace physical collateral by extending their work to include external ties between the group members and the community members. They argue that, “credibility of the threat of social sanctions depends on the size and importance both of the internal and external ties, which in turn influences the effectiveness of social capital as a disciplining device” (2013, p. 20). Similarly, Schicks (2013) emphasised that threat of social sanctions may be counterproductive since it

places the group members under an unnecessary threat that may have detrimental consequences. Mishra and Sam (2016) have further substantiated this view by arguing that social sanctions may have a negative impact on the group members. Therefore, all these factors need to be taken into account before using social capital as social collateral to replace physical collateral.

Apart from that, what is discussed in the earlier paragraph, group lending techniques may have other disadvantages as well. For instance, in case of progressive lending the borrowers may be willing to repay on time until they get hands on a big loan (Morduch, 1999). Similarly, joint liability could possibly tempt even safe borrowers to fabricate circumstances to default since the burden of payment will eventually fall on the peer members. In such a situation of strategic default (Besley & Coate, 1995; Postelnicu et al., 2013), it would be an extra burden on safe borrowers and they may choose to terminate their membership instead. Even if they choose to compensate a defaulting member, it would be ethically wrong and credibility of using social sanctions may fall apart. Similarly, Shankar (2007) argued that group lending methodology includes other costs such as training costs, supervision costs, record maintenance costs as well as group formation costs.

2.4.2 Dynamic incentives

Another theoretical aspect in the literature is associated with the built-in ‘dynamic incentives’ of the microfinance programmes (Kumar, 2012). Besley and Coate (1995) observed that repayment incentives attached with a lending approach could motivate the borrowers to repay on time. Theory of incentives assumes that people are sometimes motivated by their internal desires and wishes to accomplish something, but at other time, external rewards drive their behaviours to act in a particular way (Cherry, 2014). According to Bernstein (2013, p. 301), “people are pulled towards behaviours that offer positive incentives and pushed away from

behaviours associated with negative incentives. In other words, the differences in behaviour from one person to another or from one situation to another can be traced to the incentives available and the value a person places on those incentives at the time.... the value of incentives can be influenced by inborn physiological factors such as hunger and thirst, as well as by cognitive and social factors that gain their power through learning”.

To harness this potential, microfinance lenders usually start lending with small amounts of loans with an incentive to increase the amount of future loans provided the borrowers make timely repayments (Morduch, 1999). The incentive approach can be used either with group lending methodology or individual lending since the major concern in this approach is on the incentives attached. However, in coupling incentives with group lending methodology, the lenders can also exploit the early discussed features of group lending methodology. The lenders in pioneering microfinance models exploited a range of incentives attached with the programmes to achieve high repayment rates. For instance, Grameen Bank offered access to larger future loans on timely repayment of the debt in addition to offering access to further seasonal and housing loans. Similarly, Banco-Sol also adopted a progressive lending approach, whereas BRI offered discounted rates on timely repayments. Morduch (1999) supported this argument by proposing that incentives can motivate the borrowers to repay on time if they can ‘anticipate a stream of successively larger amount of loans in future’. However, there are also inadequacies in using incentives (Tedeschi, 2006). For instance, the incentive of larger future loans could possibly work until the borrowers get hands on a big loan whilst soon after they default.

2.4.3 Repayment Structures

A number of studies support the assumption that repayment structures integrated into microfinance models could be another supporting factor in achieving high repayment rates,

which presented microfinance as successful interventions (Dowla & Barua, 2006; Fischer & Ghatak, 2010; Morduch, 1999). In traditional and conventional lending, the borrowers are required to pay off the principal loan amount plus any interest accrued at the end of the contract term, which is oftentimes difficult for poor to manage. Microfinance addressed this issue by offering repayment structures, whereby the repayments (broken down into smaller amounts) are called upon immediately followed by a gap of few weeks or even less (Fischer & Ghatak, 2011). For instance, in Grameen models the loan plus the interest amount are divided into 50 equal weekly instalments spread over a year. It implies the borrowers ought to start making the repayments immediately following the loan grant with a maximum gap of two weeks. In this way, the borrowers are encouraged to payback in smaller amounts rather than paying in full at one point of time which could be more difficult for them to manage (Johnson & Rogaly, 1997). Although Banco-Sol and BRI offered some relaxation by allowing the borrowers to repay on monthly basis, still they strictly followed the repayment rules (Morduch, 1999). In doing so, the lender can monitor the paying behaviour of the borrower that can help lenders to make adequate provisions to offset the net impact of missed repayments on the overall business performance. Therefore, the scholarship on this domain argue that integrating innovating repayment structures in lending programmes led to realising high repayment rates in early microfinance models (Armendariz & Morduch, 2010; Fischer & Ghatak, 2011).

2.4.4 Training and education

Microfinance programmes offer a range of training and education sessions (such as, mandatory training and education sessions to access loans in Grameen model) to enable their borrowers to set up new microbusinesses or improve the existing ones as well as educate them on social issues such as domestic violence, children education and family health etcetera (Isangula, 2012). Microfinance clients, particularly Grameen borrowers, are poor people who lack

essential skills to set up new businesses; hence, credit alone is highly likely to end up in meeting consumption needs of the poor (Dunford, 2001). However, Dunford postulated that assimilating training and education with credit programmes possibly will improve the chances that loans are invested in the intended income generating activities. To this end, Kessy and Temu (2010) argue that, “training enables the borrowers to change their behaviours and how they perceive their activities”. Similarly, education improves work productivity. In his study, Kern (2009) has exquisitely compared the work of most influential economists¹¹ of 21st Century on implications for education within the context of human capital development theory. In drawing his conclusions, Kern has argued that education is an important contributing factor in increasing work productivity. Many other studies tend to support this view including Dunford (2012), Jejeebhoy, (1995), Kabeer (2005), Postmus et al. (2013), Samarakoon and Parinduri (2015) and Sharma and Varma (2008) among others. Now, according to this view, the link between high repayments in microfinance models and training and education is indirect. It is assumed that borrowers will be able to access working capital from MFIs to set up their businesses - either new or existing - adequate training and education will enable the borrowers to learn life skills that can help them run their businesses successfully (Kodongo & Kendi, 2013), and finally the successful businesses will be able to generate sufficient cash flows to make loan repayments on time (Guntz, 2011). The importance of life skills is also highlighted by Harley et al. (2018), who found that women participants has a feeling that life skills are essential to achieve success, which included communication skills, management skills, as well as financial and entrepreneurship skills. Although, it is hypothetical to state that all borrowers will be able to run their businesses successfully after getting training and education from MFIs,

¹¹ Samuel Bowles and Gary S. Becker

it is still an important contributing factor in achieving high repayment rates in microfinance programmes that included mandatory training and education sessions.

2.4.5 Substituted Collateral

It is often argued that revolutionary idea of replacing physical collateral with substituted collateral has significantly contributed in the success of early microfinance models (Bond & Rai, 2002). In the earlier section 2.4.1, the concept of replacing physical collateral with social collateral has been highlighted; however, this section emphasised on replacing physical collateral with mandatory saving or deposit accounts to minimise the impact of defaults (Morduch, 1999). For instance, in case of early Grameen models, the borrowers were required to deposit immediately 5% of the face value of the loan to be used as an ‘emergency loan’ and additional 5% to be used as a ‘group tax’ (Morduch, 1999). Grameen bank used these deposits to partially substitute physical collateral and in case of default borrowers can only withdraw from this account after paying what they owe. Takahashi et al. (2010) have also referred to a similar approach followed by Bank Perkreditan Rakyat of Indonesia, whereby borrowers are required to make mandatory weekly deposits in saving accounts. According to this view, borrowers will be less likely to default if they have a potential threat of losing their savings (Al-Shami et al., 2013; Dowla & Alamgir, 2003). If it holds true, MFIs will be able to maintain high repayment rates, which has been the case with early microfinance models as highlighted by cited studies.

2.5 Contemporary trends in the microfinance industry

Since its inception in 1970’s, the microfinance industry has undergone many changes. Initially, particularly in South Asia, the media represented microfinance as a vehicle for carrying development objectives of poverty alleviation and women empowerment. The people steering

this vehicle had been characterised as ‘only good people’ with ‘only good intentions’ determined to eradicate poverty from the face of earth. However, a few years later, microfinance started drifting away from its social mission of poverty eradication and women empowerment. The phenomenal trends in the microfinance industry are discussed in the following three subsections.

2.5.1 Financial sustainability vs. social welfare

A number of studies have shed light on the conflict of MFIs between attaining financial sustainability and pursuing social mission – a phenomenon known as mission drift (Armendáriz & Szafarz, 2009; Mersland & Strøm, 2010). Mission drift, as the term suggests, simply means drifting away from one’s mission and in the context of microfinance it occurs when MFIs divert their efforts away from their social objectives of empowering women and minimising poverty to maximising profits in the name of achieving financial sustainability (Armendariz & Szafarz, 2009). Since 1990s, in the wake of mission drift, two dominant perspectives have appeared in the microfinance literature: institutionists’ perspective and welfarists’ perspective (Woller et al., 1999), which is described by Morduch (1998) as the ‘microfinance schism’.

The institutionists’ perspective is driven by the new entrants (commercial profit-making organisations) that have entered the microfinance arena impressed by the profit-making ability of microfinance programmes. For instance, Banco-Sol model of Bolivia is a good example of commercial MFIs and conversion of Banco-Sol from an NGO to a commercial banking organisation has, considerably, added steam to the ongoing debates on mission drift (Mersland & Strom, 2010). The instituionists stress on the financial sustainability of MFIs by charging higher interest rates to not only cover the operational costs but make a reasonable profit as well. However, the critics (welfarists) argue that in pursuit of making more profits microfinance will lose its focus and, hence, it should stick with its original agenda of serving the very poor

(Woller et al., 1999) mostly women with highly subsidised credits at minimum or no interest charge. Although, the competing perspectives seem to be distinctive in their agenda, many MFIs have tried to embrace both (Mersland & Strom, 2010). The institutionists focus on breadth of outreach - reaching more-and-more clients; while, the welfarists, on the other hand, focus on depth of outreach - reaching the very poor clients (Woller et al., 1999). From this perspective, the early discussed models of BRI and Banco-Sol can be categorised within institutionist approach and Grameen model into the welfarist approach.

The debate on mission drift is not yet come to an end since few of the studies (Hishigsuren, 2007; Rhyne, 1998) argue in favour of institutionists, the others (for example, Paxton et al., 2002) posit that there is a trade-off between the two, and few among them (Mersland & Strom, 2010; Woller et al., 1999) postulate that MFIs are likely to face mission drift if they shift their focus. Although, institutionists' perspective is currently prevailing in the microfinance industry, the current study is largely informed by the welfarists' approach. The researcher believes that microfinance is highly likely to target non-poor clients by shifting its focus from depth of outreach to breadth of outreach (Woller et al., 1999). It is based on the premise that "higher profits lead to lower outreach" (Mersland & Strom, 2010, p. 28). Moreover, the literature does not clearly indicate how MFIs should achieve financial sustainability by focusing on breadth of outreach without relying on subsidies and meeting social objectives at the same time. It is explained in the following paragraph by analysing a simple definition of mission drift.

Armendariz and Szafarz (2009, p. 9) states that, "mission drift occurs when an MFI increases its average loan size by reaching out to wealthier clients neither for progressive lending nor for cross-subsidization". Let's analyse the implications of this statement at a very basic level.

Suppose an MFI has made 100 loans of 100 USD at a rate of 20% pa¹² to poor clients with absolute funding capacity of 10,000 USD. Now, at the end of the first loan cycle, without extra funding and everything remain same, increasing the loan size, for instance, from 100 USD to 200 USD would mean that MFI can only make 60 loans. It contradicts with institutionists' proposition of focusing on breadth of outreach without relying on subsidies or external funding. In another situation, increasing the number of loans, say for instance, from 100 loans to 200 loans, then MFI has to cut average loan size from 100 USD to 60 USD at the expense of increasing operational costs, which again contradicts with the assumption of attaining financial self-sufficiency. The researcher, however, acknowledges that the lending processes and mechanism are much more complex than the example illustrated above but the intention has been to describe this phenomenon in a very simple way.

Now, the question arises that how are MFIs going to support this approach of financial sustainability without external funding? A good justification, however, would be to approach more and more saving or deposit accounts to improve internal funding but unfortunately institutionists' approach do not seem to hold this assumption either (Woller et al., 1999). It is important to acknowledge that the researcher does not intend to devalue the implications of institutionists' paradigm; however, the argument is that it must not happen at the expense of abandoning the very poor. Since, last two decades, much research has been conducted in the microfinance context to uncover pros and cons of mission drift, however, the extant literature is full of conflicting evidence.

¹² Per Annum

2.5.2 Conflicting evidence on the impacts of microfinance

The fear of mission drift has spurred many researchers to evaluate and assess whether MFIs are fulfilling their core objectives of women empowerment and poverty alleviation or not. The findings of these studies have further fuelled the ongoing criticism on microfinance. As Kotir and Obeng-Odoom (2009) observed, in general, the existing evidence, produced by many impact assessment studies, can be allocated into three camps. The first camp includes the studies that support the positive impacts of microfinance (see for instance: Abiola & Oyeleye, 2012; Copestake et al., 2001; Hashemi et al., 1996; Holvoet, 2005; Khandker, 1998), whilst the second camp argues that microfinance, in fact, does not reach the poor and when it does it kills their initiative (see for instance, Amin et al., 2001; Duvendack & Palmer-Jones, 2012; Rogaly, 1996; Roodman & Morduch, 2009). The third camp includes those who stay neutral by arguing that microfinance has to overcome certain provoking challenges in order to achieve the objectives of poverty alleviation and/or women empowerment (see for instance: Ashcroft, 2008; Chemin, 2008; Datta, 2004; Harper et al., 2002). However, many other studies have also found mixed evidence on the impacts of microfinance, which cannot be easily placed in any of these three camps. This section has reviewed few of the prevalent impact assessment studies from the extant literature.

Khandker (1998) used the data collected by World Bank in 1991-1992 to study the impact of microfinance on poverty and women empowerment. He concluded that for every 100 takas lent to the borrowers resulted in an increase in household consumption by 18 Taka for women borrowers and 11 Taka for men borrowers. He further noticed a decrease of 15% and 25% in moderate and ultra-poverty respectively for the borrowers who had been members of BRAC for at least three years (other factors remained constant). Although, when Morduch (1998) used the same data, by employing another approach to minimize the selectivity bias, he found no evidence of impact of microfinance on consumption pattern of controlled and non-controlled

groups and thus no influence on the poverty. Zaman (1999) used the consumption pattern data for 1072 households of a District in Bangladesh to study the impact of microfinance on poverty. He postulated that BRAC loans' impact on moderate poverty is insignificant unless the poor clients obtain 10,000 Takas in cumulative loans.

Chemin (2008) found a mixed evidence of the impact of microfinance on poverty, women empowerment, and other dimensions. He concluded in his study that microfinance had shown positive impact on participant's expenditures, supply of labour and male/female enrolment. Whereas, it failed to target the poorest in the villages; nonetheless, it succeeded in empowering the women, promoting self-sufficiency in women, and educating the poor women by way of training. Adams and Raymond (2008) also supported the findings of Chemin (2008). They presented in their study that microfinance claims are exaggerated, both, in terms of family-centric impact of microfinance programmes and macroeconomic impact. They criticized the unknown global funding being injected into microfinance industry and without this 90% of the MFIs will disappear within a year. They found most of these funds being used in administration and maintenance of MFIs instead of fuelling the poverty alleviation programmes and without knowing where these funds ended up evaluating the impact does not make sense.

Adam and Raymond (2008) substantiate the findings of Datta (2004) who maintained that microfinance claims are exaggerated. Datta explained categorically the reasons of why microfinance had failed to reach the real poor and postulated that microfinance is not essentially the best way of eliminating rural poverty. Gehlich-Shillabeer (2008, p. 404) supports this argument in the following words, "The example of Bangladesh should be seen as a cautionary tale in employing microfinance in an inappropriate setting, particularly in light of the desire to 'roll-out' microcredits as a panacea for poverty alleviation". Similarly, Kondo et al. (2008) argued that a minimal impact on food consumption patterns does not lead to significant impact on accumulation of household assets or human capital investments, which

supports the arguments presented by Adam and Raymond (2008) as well as Datta (2004). Imai and Azam (2012) also examined the impact of microfinance on poverty in Bangladesh. They measured the impact across household income, food consumption, and women Body Mass Index (hereafter, BMI) by using the nationally represented household panel data collected in Bangladesh in four rounds of 1997-1998, 1998-1999, 1999-2000, and 2004-2005. The factor of endogeneity was specially addressed by applying a variety of fixed-effects models in combination with difference-in-difference and propensity score matching (hereafter, PSM) technique proposed by Smith and Todd (2003). The study was exceptional in a way that Imai and Azam also scrutinized whether the loan was sanctioned for improving agricultural productivity or simply for consumption/other purposes. They applied fixed-effects models with and without control on the initial household's characteristics of the panel data to evaluate the effects of amount of aggregate, productive and non-productive loans.

Imai and Azam found a significant positive impact of aggregate component of microfinance loans on the household income and food consumption; however, they also mentioned that this was due to the productive component for income and non-productive component for food consumption. Their findings suggest that productive loans resulted in eradicating income poverty while non-productive loans resulted in reducing consumption poverty. They also observed that non-productive loans also resulted in decrease in women BMI. These findings tend to support the findings of early studies by Chemin (2008), Khandker (1998, 2005) and Pitt and Khandker (1998). Imai and Azam (2012), however, did not find any evidence to support the critiques of microfinance programmes such as Morduch (1998).

Similarly, Duvendack and Palmer-Jones (2012) replicated Chemin (2008) and extended the analysis in two different ways. First, they used sensitivity analysis to test the robustness of PSM results to selection on un-observables and then they investigated the PSM estimated impacts to gender of borrowers. They proposed that (mainly) insignificant impacts (greatly)

vary by gender of borrowers; however, either way they are vulnerable to un-observables and hence for we are not persuaded by the causal relationship between microfinance and outcomes using these data. Roodman and Morduch (2009) also replicated and reanalysed Pitt and Khandker (1998) to revisit the evidence of the impact of microfinance on poverty in Bangladesh. They concluded that as soon as we drop outliers or apply robust linear estimator to the Pitt and Khandker (1998) data the original poverty reduction results disappear. They reinforced that microfinance power of ending poverty is exaggerated to the extent as presented in Pitt and Khandker (1998) study and even after four decades of its active existence we lack a credible evidence to favour the proposition that microfinance is an effective tool for fighting poverty.

Similarly, Viola et al. (2013) carried a study in rural villages of Bangladesh to investigate whether the increase in consumption of non-durables such as food, smoking, and medicines is associated with microfinance fuelling added income or not. The aim of the study was to show that microfinance is a surrogate safety net for the poor villagers when no other government income support programme exists. They also used the same survey data collected in 1998-1999 by BIDS and World Bank and clustered the households into three groups based on whether they obtained credit or not. They further divided the households into subgroups based on credit obtained once or multiple times. Viola et al. (2013) employed statistical measures of mean and standard variation to measure the value of variables. Log transformation was then applied to the variable recorded. They studied the difference among the groups by using analysis of variance with log-transformed values of variables. They further used Fisher's LSD procedure for multiple comparisons. A significant overall ANOVA test led to t-tests of pairwise comparisons and vice versa. The findings of this study presented the view that microfinance funding fuelled the consumption of basic needs regardless of the frequency of loans taken while consumption of 'bads' (smoking) remain the same. The study strengthens the argument that

benefits of microfinance to poor are straightforward and microfinance is a surrogate safety net for them in absence of governmental ISP's. The study finally proposed that microfinance has kept poor out of extreme poverty and supply of multiple credits brace the potential for sustainable improvements. Beck et al. (2007) also recognised that pro-poor financial systems promote growth among the poor.

Although, there is a great deal of literature discussing the impacts of microfinance, the evidence is yet inconclusive, which calls for further rigorous research in this area. Moreover, the review of the literature further reveals that the focus has largely been on measuring the impacts without understanding and conceptualising the underlying phenomenon. Furthermore, different studies have been carried out in different contexts using different research methods from different theoretical perspectives to evaluate the impact of microfinance programmes with different characteristics, which may have resulted in reaching at different conclusions. The present researcher believes that without developing an understanding of the context, in which an intervention is introduced, struggling merely to measure the impacts would lead to conflicting findings as evident from the existing literature (Among others: Abiola & Oyeleye, 2010; Afrin et al., 2010; Ashraf et al., 2010; Cornwall, 2016; Duvendack & Palmer-Jones, 2012; Garikipati, 2013; Geleta, 2016). This argument informs the basis for this study.

Apart from the concerns, surrounding mission drift and impact assessments, another important issue is associated with (high) interest rates, MFIs charge on their loans (Fernando, 2006; Mallick, 2012; Shylendra, 2006). Although, there are many justifications for charging high interest rate like high administrating costs, monitoring costs, and transactional costs, Fernando (2004) reported that governments and opposition parties increasingly criticise high interest rates, particularly in Asia and the Pacific. Moreover, research has shown that interest-based microfinance has failed to serve millions of Muslim consumers worldwide due to their religious

values (Karim et al., 2008), to fill this gap, interest-free microfinance has emerged as a subsector within the microfinance industry, particularly in the Islamic countries.

2.5.3 Emerging Interest Free Microfinance Institutions (IFMIs)

Considering the earlier discussion, a general perception is that microfinance contributes in the development process by offering means to meet the basic needs of the poor, especially women. It so does by including the poor into the financial sector, help them build human capital by providing training and educational services as well as social capital by building social organisational groups at grass-root level. However, despite of these demonstrations, microfinance has been facing substantial criticism, particularly in Islamic countries, whereby a large number of Muslim consumers, who follow the teachings of Islam, are reluctant to participate in microfinance programmes because of interest. For instance, Meraj (2016) argues that conventional microfinance may possibly be the only reason for underutilisation of microfinance in Pakistan, pertaining to the fact that, more than 95% people practice Islam in Pakistan and Islam strictly forbid interest based transactions. Similarly, Segrado (2005) observed that conventional MFIs are restricting a huge potential market of Muslim consumers all over the world. Conventional MFIs are not only based on interest system, they exploit the poor by charging enormously high rates than prevailing in the markets. For instance, Manan (2007; Cited in Kaleem & Ahmed, 2010, p. 412) reported that, “even Grameen Bank, which is considered the flagship in microfinance, charges an interest rate of 54.95% on its loans if all hidden charges are included”.

Likewise, Hes and Polednakova (2013) argued that conventional MFIs are not welcomed in Islamic countries due to the problem of interest since all products of conventional MFIs are based on interest let alone the loans. In a survey carried out by CGAP in 2008 in three Islamic countries namely, Syria, Algeria and Jordon, Karim et al. (2008) noted that up to a maximum

of 40% respondent believed conventional microfinance is not a practical solution for Muslim consumers due to interest based transactions. The study reported that 43% respondents in Syria, 20.7% in Algeria and 32% in Jordon were not taking part in microfinance due to interest based mechanism of conventional MFIs. Although, there is a controversy between Islamic scholars, and similarly between economists from all over the world, in defining what ‘sort of interest’ should be considered ‘unlawful’ under the umbrella of Islamic principles and economic ethics respectively, the majority of Muslim scholars, and hence Muslim consumers, prefer to stay at length from interest-based transactions (Al-Harran, 1990; Dhumale & Sapcanin, 1999). Owing to the prohibition of interest in Islam, IFMIs have come forward as an alternative to conventional microfinance practices to deliver financial services based on the interest free Islamic principles of trade and lending to cater the financial needs of Muslim consumers. The prospective area shown in figure 2-3 has now largely been dominated by IFMIs as presented in the figure 2-4 below.

Figure 2-4 Matrix of lending methodology and target market of MFIs

Group Lending Approach	Grameen Banking Model	Banco-Sol Model
Individual Lending Approach	Interest Free Microfinace Institutions	BRI Model
	Poorest of the Poor	Richest of the Poor

Source: The researcher

2.5.3.1 A theoretical comparison between conventional and interest free microfinance

In contrast to the conventional microfinance models, IFMIs have its origins in the teachings of Islam, whereby the practice of money lending with an intention of charging interest, or ‘Riba’ (an Islamic word for interest), is strongly prohibited (Kaleem & Ahmed, 2010; Rahim & Rahman, 2010). Vogel and Hayes (1998, p. 23) writes,

“Islamic banking and finance seek to apply the Islamic religious law [Shari’a], which is based on Quran and Hadith – The former refers to The Book of Allah and the later referring to the life and sayings of Prophet Mohammad (May Peace and Blessings of Allah Be Upon Him) to a sector of modern commerce. This law – more than business organisations, economics, politics, theology, or history – shapes Islamic banking and finance and differentiates it from its conventional counterparts”.

Since Islam prohibits interests, Muslims are not allowed to engage in any activity originating from receiving or giving interest in any kind or form regardless of personal or business purposes. There is, of course, an unfathomable clandestine behind this prohibition. Although, it is beyond the scope of this study to go deeper into that discussion, few references are cited from ‘The Holy Book of Muslims, Quran’ to support theoretical implications of IFMIs as shown in the table 2-2 below.

Table 2-2 Quran prohibiting interest in Islam

1	Surah-al-Rum, CH 30:39 ¹³	And whatever you give for interest to increase within the wealth of people will not increase with Allah. But what you give in Zakah, desiring the countenance of Allah - those are the multipliers”
2	Surah-al-Nisa, CH 4:161 ¹⁴	“And [for] their taking of usury while they had been forbidden from it, and their consuming of the people's wealth unjustly. And we have prepared for the disbelievers among them a painful punishment”
3	Surah-al-Imran, CH 3:130 ¹⁵	“O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful”
4	Surah-al-Baqarah, CH 2:275-278 ¹⁶	“Those who consume interest cannot stand [on the day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, ‘Trade is [just] like interest.’ But Allah has permitted trade and has forbidden interest. So, whoever has received an admonition from his Lord and desists may have what is past, and his affairs rests with Allah. But whoever returns to [dealing in interest or usury] – those are the companions of Fire; they will abide eternally therein.... O you, who have believed, fear Allah and give up what remains [due to you] of interest, if you should be believers”

Source: <http://quran.com>

¹³ Electronic source: Retrieved from <https://quran.com/30/39> on 22/11/2016

¹⁴ Electronic source: Retrieved from <https://quran.com/4/161> on 22/11/2016

¹⁵ Electronic source: Retrieved from <https://quran.com/3/130> on 22/11/2016

¹⁶ Electronic source: Retrieved from <https://quran.com/2/275-278> on 22/11/2016

From the first verse cited above, it is emphasised that ‘interest deprives wealth of God’s blessings’. Whereas, in the second verse it is stressed that usury is condemned and it is wrongful mean of appropriating property that actually belongs to others (Lewison, 1999; Mews & Abraham, 2007). In the third verse, it is made clear for Muslims to part away from interest for their personal benefits. Last, yet not the least, in the fourth verse Muslims are advised not to interchange trade with interest by making a clear distinction between the two. It put emphasis on giving and taking back the principal loan amount, and if the borrower is unable to repay, be exonerative. It makes clear that prohibition of interest is central to the Islamic code of business and trade affairs (Algaoud & Lewis, 2007; Hassan & Lewis, 2009), which applies to even non-business affairs of Muslims alike such as helping someone in difficult times by way of offering or lending in money or kind. Qureshi (1991, Cited in Rahim & Rahman, 2010) referred to three main ethical reasons (which are essentially based on the Quranic Verses cited earlier) behind this prohibition in light of Imam Fakhruddin Razi’s¹⁷ contributions to the book titled ‘Al-Tafsir Al-Kabir’.

At first, where the lender receives agreed interest on the money lent; it ensures his income by way of exploiting borrowers’ circumstances, which give rise to inequality in the society. It means the lender makes profit at the expense of the borrower that is more likely to lead wealth accumulation in few hands (Rahim & Rahman, 2010). Secondly, it may prompt the lender to refrain from doing work (apart from money lending), since the interest income is fixed and it is undoubtedly stress-free to make income on loans without doing anything else (Chong & Liu, 2009; Rahim & Rahman, 2010). If this happens, which means people blessed with wealth stay home and do not take part in economic activities, it will certainly affect worldly affairs (Hossain, 2009). Lastly, it is unethical to receive back more than you give simply in the name

¹⁷ A well-known Islamic scholar: Bibliography of Imam Fakhruddin Razi can be accessed by following the given link <http://www.muslimphilosophy.com/ip/rep/H044.htm>

of help, since it will undermine the sympathetic culture of mutual-well-being and goodness (Islam, 2015; Rahim & Rahman, 2010).

To replace ‘interest’, Islam encourages on adopting profit and loss sharing mechanisms, whereby the lender offers the financial or working capital and recipient accepts to share the profit and loss fairly by the end of the stated period of business activity (Rahim & Rahman, 2010). In doing so, wealth can be injected back in to the economy to prevent unequal distribution of resources in the economy. To this end, Islamic principles of banking and finance are aimed at providing alternative routes to fight poverty. Unlike conventional MFIs, which in practice barely reaches the extremely poor, in Islamic models of IFMIs the extremely poor are the primary criteria for eligibility (Kaleem & Ahmed, 2010). Islam encourages the concept of welfare and brotherhood as a route to development by addressing income inequalities with charity money, whereby all Muslims become either the beneficiaries of charity money or the donating participants (Kaleem & Ahmed, 2010). The rationale lies in increasing the circulation of money in the economy from the rich to the poor since majority of the poor seek loans to meet their sustenance needs. In this respect, IFMIs are much broader in scope than conventional MFIs since every member of the society participates in IFMIs activities in contrast to the conventional MFIs, whereby only a few selected one participate (Kaleem & Ahmed, 2010). Moreover, unlike conventional MFIs, IFMIs primarily focus on generating funds from mutual cooperation, brotherhood, and nationhood between people rather than relying on external international or local donors. The salient features of conventional MFIs and IFMIs are presented in the table 2-3 below.

Table 2-3 Features of interest free microfinance in comparison to conventional microfinance

Description	Interest free microfinance model	Conventional microfinance model
Sources of funds ¹⁸	Local philanthropy	International donors
Usage of funds ¹⁹	Socio-economic development	Profit making
Charges	Interest free or P/L sharing or Profit sharing	High interest rates
Lending approach	Greater focus on individual lending	Greater focus on group lending ²⁰
Nature of funds	Charity and donations	Debt
Recovery procedure	Community pressure	Forced recovery through peer pressure
Type of contributions	Voluntary	Non-voluntary
Type of motivation	Brotherhood and cooperation	Commercial
Level of participation	Compulsory participation by every member of the society	Only selected members of the society
Target market	Very poor/destitute	Poor/non-poor

Source: Kaleem and Ahmed (2010)

¹⁸ Zakat/Sadakah (charity), Waqf (endowment), Donations

¹⁹ Food, clothing, Shelter, Education, Training, Qard-e-hassanah (benevolent loan), or P/L sharing trade or business

²⁰ Although, many conventional MFIs are now lending on individual basis, they primarily differ in terms of their objectives. When a conventional MFI is lending on individual basis it focuses more on profit making than social welfare (See discussion in sec 2.2.6 and sec 2.2.7.1)

The information given in the table 2-2 indicate that both IFMIs and conventional MFIs vary significantly from each other in terms of funding, utilisation of funding, lending procedures, recovery procedures, and even scope. IFMIs encourage people to participate and contribute voluntarily in its welfare projects with their knowledge, skills and experience to train and stimulate the impoverished uplift their livings (Kaleem & Ahmed, 2010). It is supported by Quran in the following verse,

“And it is not your wealth or your children that bring you nearer to Us in position, but it is [by being] one who has believed and done righteousness. For then there will be the double reward for what they did, and they will be in the upper chambers [of paradise], safe [and secure] (Ch. 34:37)²¹”.

In this way, the training and educational costs can be reduced when people voluntarily share their expertise with the fellow people. IFMIs, particularly in Pakistan, extensively focus on organising such training, education and information sessions tailored to meet individual's circumstances (Kaleem & Ahmed, 2010). The people who volunteer in such activities oftentimes perceive it as paying Zakat of their knowledge, skills, or expertise. Zakat is an Islamic concept of paying out alms on what you have accumulated over a period of time (Bakar & Abdghani, 2011). It is one of the major sources of fund accumulation in case of IFMIs. Islam is the first religion in the history of mankind that has made it compulsory for their rich to pay Zakat to their poor since it is the best means of reducing socio-economic differences between the two (Kaleem & Ahmed, 2010). It is pertinent to mention that the concept of Zakat ought not to be mixed with the concept of tax; the former is imposed on the surplus (savings in a particular year) whereas the latter is imposed on income earned regardless of savings. The

²¹ Electronic Source: Retrieved from <https://quran.com/34> on 23/11/2016

concept of Zakat is based on the teachings of Islam, whereby Muslims are advised by Quran in the following words,

“Surely, men who give alms and women who give alms and those who lend to Allah a goodly loan – it will be increased manifold for them, and they will have a noble reward (CH 57: 18)²²”

In another verse Quran says,

“Zakat expenditures are only for the poor and for the needy and for those employed to collect [Zakat] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveller – an obligation [imposed by Allah]. And Allah is Knowing and Wise. (CH 9:60)²³”.

Another important source of IFMIs funds is Waqf that means restricting something (property or any kind of assets) for only charitable purposes (Ahmed, 2002; Kaleem & Ahmed, 2010) that must not be used other than for specified purposes. Waqf are institutions, that were originally established in the era of Prophet Mohammad (May Peace and Blessings of Allah Be Upon him), and “entails the use of cash, land, and real estate designated for charitable purposes” (Ahmed, 2002; Kahf, 2003). A very good example of Waqf can be found in the form of Mosques (Masjid) in the world, whereby people give their property or buy some property only to be used for the Mosque. The funds collected in IFMIs are utilised in a number of activities aimed to improve socio-economic conditions of the very poor segment of the population. Moreover, IFMIs offer a number of alternative products to promote small-scale business and entrepreneurship such as Mudarabah, Murabaha, Ijara, Musharaka, or Qard-e-Hassan (Saad, 2012; Zaher & Kabir Hassan, 2001). Although, these are the most cited products

²² Electronic Source: Retrieved from <http://quran.com/57/18> on 23/11/2016

²³ Electronic Source: Retrieved from <http://quran.com/9/60> on 23/11/2016

of IFMIs, Meraj (2016) has further expanded this to provide a wide-ranging list of IFMIs products being in practice, please see the table 2-4 below.

Table 2-4 Product portfolio of IFMIs

IFMIs Product	Control and Management	Nature of activity	Settings
Mudarabah	The recipient exerts full control and lender stay as sleeping partner	Partnership	Recipient shares profit but not losses on agreed-terms with the investor
Murabaha	One party purchase and transfer it to the other	Cost-plus-mark up	One party buys and sell it to other on instalments
Musharakah	Everyone involved participates in decision making	Partnership of shares	P/L sharing based on investment shares
Ijarah	One party lease to another	Hire purchase agreement of leasing	One party buys and lease it to other on rent
Wakalah	One party (bank) control and manage on behalf of other (customer)	Principal-agent lending agreement	Fixed fee charge by bank whereas profit sharing is based on the agreed-terms
Qard-ul-hasna	Recipient exert full control and management	Benevolent loan	Recipient shares the profits with lender on agreed terms whereas the lender bears all losses
Tawarruq	Tripartite sale	Cost plus mark-up basis	One party buys from second party and sell it to third party on credit
Hawalah	Liability transfer agreement	Transfer of debt from principal debtor to a third party	Works similar to credit card balance transfer mechanism of banking but without interest
Takaful	Joint liability	Insurance cover	Similar to conventional insurance except interest
Bai-Al-Salam	Advance purchases by first party for other party	Sales contract	Promise to deliver in future on payments made in advance
Bai-Al-Istisna	Advance purchases of manufactured goods by first party for other party	Sales contract for manufactured goods	Purchases are made on specifications on advance payment and goods are manufactured or delivered in future

Source: Meraj (2016)

Adverse selection has remained a significant problem in the financial industry; however, IFMIs tackle this issue by delivery goods/services rather than paying in cash (Ahmed, 2002). Since the loans are paid in the form of goods or services, it is less likely to spend the loans other than the intended purposes. In other cases, when the loans are paid out in cash, there is however a possibility of misuse of loans. This problem is partly mitigated, particularly in Pakistan, by sanctioning the loans in the mosques (a sacred place for Muslims) in the presence of highly influential religious community members, which acts as a buffer to default on loans since the borrowers are spiritually and morally obliged – spirit of brotherhood, cooperation and mutual help - to pay the debt back on time (Al-Harran & Low, 2010; Rahim & Rahman, 2010). The repayments are also more often collected in the mosques, which helps IFMIs largely counter the adverse selection problems.

Another main issue, as discussed earlier in section 2.4, is the problem of moral hazard. Ahmed (2002) argues that, although conventional MFIs assume to empower women by releasing loans to women, the loans are more often ended in the hands of males (mostly spouses) who decide how to utilise the funds. In this way, conventional MFIs face dual problems of adverse selection and moral hazard. On the contrary, IFMIs intend to uplift the social status of the entire family by releasing loans to women (Kaleem & Ahmed, 2010; Rehman et al., 2015). It means the scope of IFMIs objectives is much broader than conventional MFIs. In their study, Ahmed (2002) reported that more than 75% of the loans were used by males in case of IFMIs and the lending IFMIs were aware of this as well. IFMIs do not even consider this a problem as long as the loans are invested for the stated purposes. It is believed that in most of the cases, generally in developing countries and particularly in Islamic, the males are involved in the investment activities. However, paying out loans to women can be more beneficial since it is easier to conduct transactions with women, extending loans to women affect the repayment rates, and they are mostly available to attend weekly meetings since the men are out on work

oftentimes, which is consistent with the argument presented by conventional MFIs (D'espallier et al., 2011).

Unlike conventional MFIs, IFMIs focus on the welfare of the family let alone the women by allowing the entire family to involve in the income generating activities (Ahmed, 2002). Moreover, IFMIs tend to invite the whole family to sign the loan agreement since the family ties will induce the principal borrower (either women or men) to use the loans for intended purpose and return it on time. In doing so, IFMIs combat with problems of moral hazard and adverse selection and it has relatively been successful (Ahmed, 2002); nevertheless, sometimes IFMIs even use group formats to deal with issues of adverse selection and moral hazard. Moreover, the structure of IFM model allows focusing on social objectives; whereas social objectives of conventional MFIs disguise their commercial objectives. Owing partly to this, the impact assessment studies largely failed to capture a true picture of its impacts on poverty and social welfare (see discussion in sec 2.5.1). Besides, conventional microfinance relies on external funding of the donor organisations, including local or international, they impose certain conditions on conventional MFIs that may also hinder conventional MFIs to chase their social objectives (Kaleem & Ahmed, 2010). On the contrary, the funding mechanism of IFMIs, as discussed earlier, is not exposed to such impositions that help IFMIs to stay focused on achieving their social objectives. It makes interest-free microfinance a perfect area for academics who are interested in understanding the impacts of microfinance in relation to its social objectives of poverty alleviation and women empowerment; since the findings of such studies are less likely to be influenced by the trade-off effects between financial sustainability and social welfare. The present researcher has also chosen IFMIs as a study area to conceptualise the impacts of interest IFMPs on women empowerment, which is a least researched area in the context of IFMIs, particularly in Pakistan.

2.5.3.2 Review of the literature on IFMIs

Seibel (2005) noted that Muslims consumers are keen to participate in microfinance projects if the products are tailored to meet the socio-economic and cultural needs of the people. Although, many Muslims participate in conventional microfinance since they have no other option, a large number of Muslims who follow the teachings of Islam prefer to die in poverty than participating in interest based transactions. IFMIs have responded to this call; however, the market penetration of IFMIs is still limited (Karim et al., 2008). A number of researchers have attempted to study the mechanism of IFMIs; however, the focus has largely been on finding whether IFMIs are a viable alternative to conventional MFIs or not, thereby creating a huge gap in understanding how IFMIs affect the lives of participating borrowers. It is shown by referring to the findings of most cited studies available in the literature on IFMIs.

Al-Harran (1996) argues that Islamic finance can serve as a remedy to counter the socioeconomic crisis instigated by the conventional economic system. At grass-root level, it can be achieved by applying the principles of Islamic finance into the conventional microfinance system to create hybrid models that can improve the socio-economic conditions at grass-root level (Khan, 1997). Dhumale and Sapcanin (1999) took this further into analysing the implications of Islamic finance in the context of microfinance. This is the first of its kind study discussing in detail the compatibility of Islamic microfinance with conventional microfinance. Dhumale and Sapcanin, (1999) concluded their findings by observing that IFMIs meet the demand of many entrepreneurs and since it promotes entrepreneurship expanding its operation to the demanding poor could really mean fostering development under the right application. Since then, a number of IFMIs have been established to meet the unmet demand of small-scale entrepreneurs; however, these operations of IFMIs are limited in comparison to their counterpart conventional MFIs.

Ahmed (2002) conducted his research in Bangladesh, the home of microfinance, to study the impacts of IFMIs in comparison to the conventional and largest MFI (Grameen Bank) of Bangladesh. He concluded that IFMIs are performing better than their conventional counterparts; however, the activities of IFMIs are limited because of lacking access to an adequate capital to finance their operations. He further reported that IFMIs have been more successful in reaching out the most vulnerable than the leading microfinance institution, Grameen Bank. The findings of Ahmed (2002) propose that there is a need to develop more IFMIs to increase its outreach. Ahmad and Ahmad (2008), similarly, studied the viability of IFMIs in the context of Australia in comparison to the existing conventional MFIs. Their findings substantiate what has been proposed by Ahmed (2002). The argument was further strengthened by Frasca (2008). In his study, Frasca explored the viability of IFMIs operating in the region of MENA in comparison to the conventional MFIs by using two seminal case-studies of the Sanduq project in Jabal Al-Hoss and the Hodeidah microfinance programmes in Hodeidah, Yemen. Based on the experiences of IFMIs in MENA, he concluded that IFMIs have been equally competitive as their counterparts in delivering microfinance services within the last decade (1997-2007). Moreover, he observed, IFMIs successfully delivered cost-effective financial services to their client, particularly the clients who were not participating in conventional MFIs due to interest.

Similarly, Kazim and Haider (2012) conducted a study in Pakistan to conceptualise the viability of IFMIs in Pakistan. They also concluded that there is a great need for IFMIs in Pakistan, particularly at micro level, since “Shari’a compliance is seen as a prerequisite before financial services are used (2012, p. 11)”. Choudhury and Hassan (2014, p. 76) added to this by observing that, “collective action through Islamic microfinance groups actually helps to increase environmental awareness, economic betterment of the members, and fruitful management of local common resources through Islamic microfinance”. An impact evaluation

study by Aslam (2014) further contributed to this by arguing that IFMIs is a viable option for poverty alleviation in Pakistan. By using an empirical approach to quantify the qualitative data, he measured the impact across multiple areas. In concluding his findings, Aslam (2014) observed that IFMIs have been contributing positively in improving the living standards of poor people. He substantiated the need for IFMIs by submitting that people in Pakistan are more interested in IFMIs than conventional MFIs due to the Shari'a complying services of IFMIs.

The findings of Farooq and Khan (2014) further strengthen the judgement made by Aslam (2014). In this study, Farooq and Khan compared the financial and social performance of the two top-rated conventional MFIs – Asasah and Community Support Concern – and two IFMIs – Akhuwat and Wasil Foundation - in Pakistan. They performed the analysis based on outreach, profitability, efficiency/productivity, and portfolio quality of both conventional and Islamic MFIs. The study concluded that IFMIs have been more cost-effective than conventional MFIs in terms of cost per borrower and operating expenses to assets; whereas conventional MFIs performed well in terms of financial efficiency. Farooq and Khan (2014) reached the conclusion that, since the last decade, the operations of IFMIs in Pakistan have proved that IFMIs can be a viable and sustainable option even without charging any interest.

Similarly, Meraj (2016) reported that formal lending resources charge exorbitantly high interest rates and have become more profit-seeking institutions by abandoning social welfare objectives. On the contrary, IFMIs do not charge any interest, practice lenient recovery procedures, and remain focused on achieving social objectives. Moreover, Meraj (2016) reported that respondents had conclusively rejected the exaggerated claims of conventional MFIs of empowering poor, serving the poorest, and uplifting poor from poverty. In addition, he emphasised that people in Pakistan consider IFM a much better tool in achieving the welfare objectives since it complies with Shari'a. He reported that 76% of respondent testified that they

will choose to borrow from IFMIs because they do not charge any interest and their mechanism meets the requirements of Shari'a.

Although, the above discussion validates the need for developing IFMIs, there is still a wide knowledge gap in understanding the ramifications of IFM on poverty, women empowerment and social welfare. There have been few attempts to measure the impacts of IFM on poverty, yet the evidence on understanding and conceptualising such effects is scarce, particularly in understanding the women empowerment potential of IFM. This study, therefore, responded to this call by addressing the need to conceptualise how IFMIs support women's microbusinesses to empower women from a developing country perspective. It is within this context, that small-scale financial services of Akhuwat, the largest IFMI in Pakistan, were examined. There was no intention, however, either to quantify the impacts of IFMIs on women empowerment or to determine whether IFMIs have been successful in achieving their objectives. Nevertheless, it is first to understand the concept of women empowerment particularly within the context of microfinance; therefore, the researcher has reviewed the relevant literature in the next section.

2.6 Microfinance and women empowerment

Microfinance has turned out to be an effective mechanism to address the issues of social and financial inclusion at the grass-root level. At the same time, it has become a vehicle for carrying the development agenda by incorporating women empowerment objectives into microfinance programmes, particularly in developing countries (Among others: Batliwala, 2007; Kabeer, 1999a, 1999b, 2001, Khandker, 1998; Krenz et al., 2014; Mayoux, 1998, 1999; Rowlands, 1995; Sutton-Brown, 2011). As a result, women empowerment, which has been a subject matter of much scholarly attention, can be seen as a widely discussed topic in the development literature. This discourse in development has challenged the traditional perceptions about women of being a housewife or a caretaker. In the development literature, the focus has largely

been on economic empowerment of women, assuming that, it will automatically improve empowerment across other dimensions (Bradshaw, 2013; Norwood, 2013; Rowlands, 1995; Sutton-Brown, 2011).

Subsequently, in the past few decades, empowerment of women through credit (particularly microcredit) has widely been accepted as a means of economic development which in turn is supposed to improve overall women well-being whilst achieving poverty alleviation objectives at the same time, since both are the biggest promises of microfinance (Norwood, 2013). Many empirical studies have also supported these assumptions, which recognise economic and social empowerment as a core objective of women participation in microfinance programmes. For instance, the findings of Hashemi et al. (1996), the most widely known study in this respect, suggest that there is a strong evidence of empowerment when women participate in microfinance programmes. Similar findings have also been observed from Bhuiyan (2013), Holvoet (2005), Negash (2010), Pitt et al. (2006), Steele et al., 1998, and Swain and Wallentin (2009). It is believed that ‘empowered women’ sagely utilise the credit by investing in small-scale successful and sustainable businesses, which helps to reduce the domestic violence against women, helps women to spend more on children education, personal and family health, improves family’s food consumption, and helps her to gain bargaining position in the household decision-making (Kabeer & Noponen, 2005; Khan & Noreen, 2012; Kumar et al., 2015; Sutton-Brown, 2011). Although, the concept has never been precisely defined, it continues to be a hot topic in the practical and academic world alike. According to Ackerly (1995, p. 56), “Empowerment and the frequently articulated examples of the empowered borrowers, have become the presumed results of credit programmes (microfinance)”. Such presumptions prevail in the microfinance literature, irrespective of the facts highlighted in section 2.5.2. For instance, Bliss (2005, p. 1), validates the above argument of Ackerly (1995) by saying that, “This powerful antipoverty tool (microfinance), especially in the hands of poor

women, has demonstrated poor people's potential to improve their quality of life when the right opportunity exists and allow them to reap the benefits of their skills and hard work, with dignity".

It is presumed that MFIs provide the poor women, an opportunity to access credit through a range of diversified channels to initiate income-generating activities to enable them to make their financial ends (Matin et al., 2002; Rutherford, 2000). In this respect, empowerment of women is associated with the global economic development, which entails leadership in household decision-making, enhanced access to financial and physical assets, improved mobility, and acquisition of skills and knowledge (Bezboruah & Pillai, 2013; Kabeer, 1999a). However, it has to be acknowledged that it is not a 'one-size-fits-all' solution to eradicate poverty, which is emphasised by Gibbons (2002, Cited in Bliss, 2005, p. 1) by proposing that, "not all poor households possess an able-bodied member (women) to be engaged in income-generating activities, have entrepreneurial abilities or the self-discipline to make effective use of microcredit". Pertaining to such presumptions, targeting women in microfinance programmes have also received huge criticism. The next section hence briefly reviews the major arguments underpinning the priority of MFIs to focus on women.

2.6.1 Preference for women in Microfinance

Women have dominated the microfinance sector ever since the inception of this sector (Armendariz & Roome, 2008). The Microcredit Summit report of 2006 submitted that in the global microfinance industry women constitute more than 70% of the target market. Similarly, in case of Grameen Bank women make up more than 95% of total Grameen borrowers (Aghion & Morduch, 2005; Grameen Bank, 2016). Garikipati (2013) named this presumption a win-win solution for ending poverty by attaining financial sustainability. The tendency of MFIs to include women, however, is informed by certain characteristics of women or assumptions

about women that make them an ideal candidate for microfinance programmes (Armendariz & Roome, 2008).

First, it has been observed, particularly in Grameen banking models, that repayment rates of women borrowers have been better than their counterparts²⁴ (Cheston & Kuhn, 2002; Hossain, 1988). Secondly, it is easier to deal with women than men that help in reducing the overall transaction costs because it has been noticed that women are more conscious and punctual to attend weekly or monthly meetings (Armendariz & Roome, 2008; Cheston & Kuhn, 2002). It is also argued that loans made to women will bring positive impacts on the overall family let alone the women since women tend to spend more on their family than men (Khandker, 2003). Whereas, Swain and Wallentin (2009, p. 22) link favouring women in MFIs with the assumption that “women in poor households are more likely to be credit constrained (Khan et al., 2013), and hence less able to undertake income generating activities”. They further posit that since out of 1.7 billion living in poverty women constitute 70% of this; therefore, the fundamental reason for looking at gender effects in microfinance programmes is associated with women’s economic disadvantage and simple human equity. Similarly, others see it as, according to Mayoux (1999, p. 957), “initiating virtuous upward spiral of economic, social and political empowerment”. Similarly, Esty (2014) has summarised the rationale (of Muhammad Yunus) behind focusing on women into five major reasons: better utilisation of microcredit, better repayment records, unexploited labour pool, credit is a human right, and women’s tendency to spend more on improving their living circumstances.

While some practitioners, impressed by the feminist scholarship, merely look forward to empowering women through microfinance programmes, few others adopt the notion that formal banking sector focus more on men than women since men run larger businesses than

²⁴ 84% as compared to 74% in Hossain (1988).

women, but microfinance is characterised by funding small businesses where women usually take the lead, therefore MFIs target more women than men (Aghion & Morduch, 2005). It is also assumed that enhancing women's empowerment capabilities can further development goals by contributing in the economic growth (Swain & Wallentin, 2009). Nath and Dutta (2017, p. 35) support this insight by concluding in their study that "the income based occupational status of women has a positive impact on their level of empowerment". Taken together, the empirical and anecdotal evidence, the tendency of donors to include women, and professional expertise, has made lending to women 'an established wisdom' in the field of microfinance (Armendariz & Roome, 2008).

On the contrary, the critics believe that excluding men from the small-scale financial programmes may be counterproductive that can induce frictions within households between men and women when men feel threatened to lose their role of breadwinners (Armendariz & Roome, 2008). This assumption particularly holds true for developing countries where patriarchal culture prevails, such as India, Pakistan or Bangladesh, capitalists and feudalists dictate the system which in turn limits the role of women in economic, social and political activities (Lim, 1983). In this context, Rahman (1999) provides an empirical evidence to support the critic's view of microfinance illusions. His study revealed that Grameen Bank expects their workers to expand the loan disbursements merely to augment the repayment rates of Grameen Bank to make enough profits to support the institution's overall expenses, whereby the workers adopt unethical behaviours to comply with bank's ambitions. The workers, in turn, exert intense pressure on women to repay on time. He concluded his findings by stating that, "Grameen borrowers maintain their regular repayment schedules through a process of loan recycling that considerably increases the debt-liability on the individual households, increases tension, and frustration among households, produces new forms of dominance over women and increases violence in the society (1999, p. 67)".

Armendariz and Roome (2008) further argue that if microfinance empowers women on one hand by increasing the disposable income in the hands of women, it still disempowers women on the other hand, whereby increased frictions between men and women diminish the role women play within households. It is where IFMIs take the lead by inviting not only the spouses but the entire family to sign the loan agreements, to participate in training sessions as well as informational and educational programmes (see sec 2.5.3.2). Further to this, IFMIs even do not raise any objections on men using the loans as long as the loans are invested in the intended income generating strategies. However, turning back to the point, the above argument established by Armendariz and Roome (2008) substantiate further the observations made by Goetz and Gupta (1996) and Mayoux (1999). Goetz and Gupta (1996) argues that lending to women may disturb the balance within households where men misuse the loans and leave women to make repayments out of the household provisions for consumption or savings purposes, which in turn increases tensions within households. Mayoux (1999) further added to this by stressing the need for designing appropriate microfinance programmes for empowering women since otherwise it may halt the development strategies by causing disempowerment of women through debt traps and misuse of resources. Although many studies endorse women empowerment as an important development objective to be achieved through microfinance (Swain & Wallentin, 2009), what empowerment means in the context of women and microfinance is still imprecise. The next section, therefore, review the existing theoretical and empirical literature on this scholarship.

2.6.2 Review of theoretical literature on women empowerment

The concept of women empowerment has largely been informed by the theoretical and practical discourse in the development literature. Major work on incorporating the concept of women empowerment in development policy and practice is attributed to the group known as

Development Alternatives with Women for a New Era (hereafter DAWN), who shared the experiences of women in Africa, Latin America, and developing Asia (Rowlands, 1995). Another dominant contribution is the work of Srilatha Batliwal who provided a detailed analysis of empowering women by studying the specific women empowerment programmes in developing countries. Within this perspective, women empowerment is comprehended as a 'bottom-up process' in contrast to the conventional 'top-down development strategy, where women improve their own understandings of their circumstances to outline the direction of social change (Geeta & Grown, 1988).

The fourth women conference, arranged by United Nations and held at Beijing in China in 1995, also played a vital role in prioritizing the idea of women empowerment into the development of policy and practice (Batliwala, 2007; Krenz et al. 2014) by emphasising the relationship of women empowerment with eradication of poverty and growth of economy. Beijing Platform for Action (1995) has endorsed this conception by asserting that women empowerment and gender equality are equally essential for achieving economic, political, social, cultural, and environmental security. Consequently, it has been widely implemented across the governments and development organizations to exhibit a 'progressive approach of including gender as an effective tool for economic growth and poverty reduction' (Batliwala, 2007; Bisnath, 2001; Kabeer, 1999a, 1999b; Krenz et al., 2014; Mayoux, 1998; Sen & Batliwala, 2000). This interplay, of powerful discourses, led to the expansion of 'women empowerment concept' into new horizons of 'political and transformative ideas of struggle' challenging the existing structures of race, class, ethnicity, caste and religion in addition to contesting the patriarchy to determine where the women stand in developing countries (Batliwala, 2007).

More recently, it has increasingly been used as a tool to envision the needs of the poor and measures to address such needs of the poor, particularly marginalised women. In doing so, the

concept of empowerment has been mainstreamed into development programmes such as microfinance to challenge gender inequalities hampering socio-economic development (Drolet, 2010; Kabeer, 1999a; Krenz et al., 2014). In this respect, empowerment is seen as a process characterised by efforts to support and empower the marginalised groups especially women (Walsh & Heppner, 2006). Empowerment theorists have conceptualised women empowerment in different ways; perhaps due to the fact that the term ‘empowerment’ in itself is a source of conflict between the intellectuals, which in fact is based on how people conceptualise the root term ‘power’ of empowerment (Duflo, 2012; Kabeer, 2005; Malhotra et al., 2002; Rowlands, 1995). Owing to this, in reviewing the literature, the present researcher has found various interpretations of women empowerment, wherein the notion of empowerment is so intrinsically linked with women empowerment that it makes difficult to understand women empowerment in isolation. Bisnath (2001) describes that the initial theoretical framework, encompassing women empowerment, recognized that there exists prejudice against women within households, in the markets, in the community, and even in the states. However, the degree to which women experience prejudice may vary from place to place and region to region in accordance with their race, religion, culture, or tradition and even the relative economic position of their state in the international setting (Bisnath, 2001). He further emphasised that, “women have to challenge oppressive structures and processes simultaneously, and at multiple levels, thereby creating the space for empowerment to occur at both the individual and collective levels (2001, p. 12)”. Drawing from this theoretical discussion, there are two points of departure for women empowerment to take place. The first refers to making considerable changes (in social, political and economic structures that enable patriarchal dominance) to deal with issues of social and gender inequality. The second point of departure occurs when women stand against the prevailing cultural and traditional norms that

inhibit their role in the socio-cultural and economic structures. Batliwala (2007, p. 560) has best illustrated it by arguing that,

“The goals of women’s empowerment are to challenge patriarchal ideology – (male domination and women’s subordination); transform the structures and institutions that reinforce and perpetuate gender discrimination and social inequality (the family, caste, class, religion, educational processes and institutions, the media, health practices and systems, laws and civil codes, political processes, development models, and government institutions); and enable women to gain access to, and control of, both material and informational resources”.

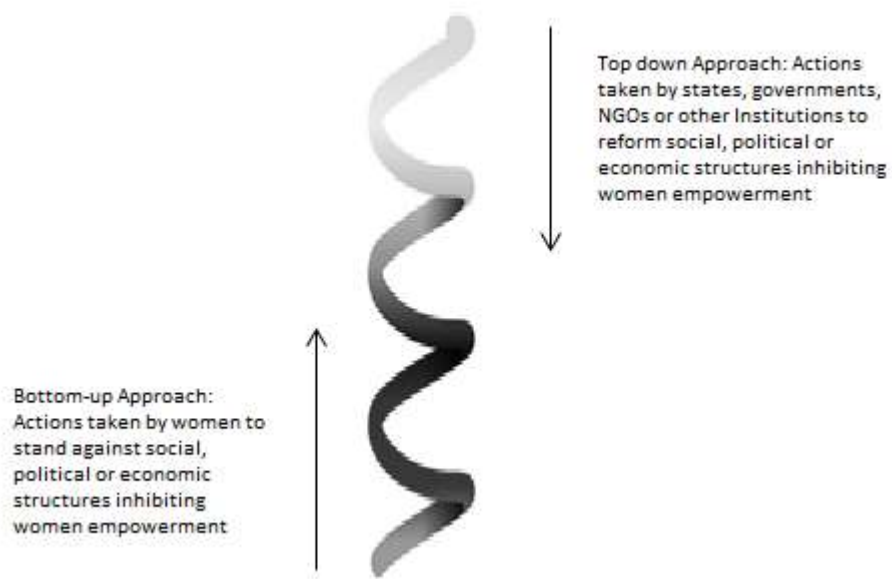
However, she further argued that empowerment is not a one-way-route; in fact, it is a top-down-bottom-up process that works like a spiral when all actors are assiduously involved in this process. Batliwala has presented a comprehensive illustration of what women empowerment entails, which broadly covers many aspects of the theoretical literature on empowerment in general and women empowerment in particular, which is also reflected in various definitions and concepts of women empowerment found in the literature as shown in the table 2-5.

Table 2-5 Definitions and concepts of (women) empowerment

Author and Year	Definition
Albertyn (2001)	Effective empowerment must occur at each of three levels: micro (attitude, feelings, and skills), interface (participation and action immediately around the individual), and macro (beliefs, actions and effects) (Ibrahim & Alkire, 2007, p. 380).
Alsop et al. (2006, p. 1)	Empowerment means the process of enhancing an individual's or group's capacity to make purposive choices and to transform those choices into desired actions and outcomes.
Ganle et al. (2015, p. 336)	A process of change by which individuals (women) or groups with limited choice, freedom, and power are enabled to gain and leverage power that enhances their ability to exercise choice and freedom in ways that positively contribute to their well-being.
Jackson (1994)	The process by which people, organisations or groups who are powerless become aware of the power dynamics at work in their life context, develop the skills and capacity for gaining some reasonable control over their lives, exercise their control without infringing upon the rights of others, and supports the empowerment of others on their community (Cited in Ibrahim & Alkire, 2007, p. 381).
Kabeer (1999b, p. 437)	Empowerment refers to the processes by which those who have been denied the ability to make choices acquire such an ability.
Kay (2002, p. 69)	The procedure by which women take control and ownership of their lives through expansion of their choices.
Keller and Mbwewe's (1999)	A process whereby women become able to organise themselves to increase their own self-reliance, to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination (Cited in Rowlands, 1995, p. 89).
Mayoux (1998)	Empowerment is defined as set of mutual reinforcing virtuous spirals of increasing economic development and improved general well-being for women.
Moser (1993)	Empowering women means the capacity of women to increase their self-reliance and internal strength.
Narayn-Parker (2005, p. 5)	The expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control and hold accountable institutions that affect their lives.
Sen (1993; Cited in Malhotra et al., 2002, p. 5)	Empowerment means altering relations of power which constrain women's options and autonomy and adversely affect health and well-being.
World Bank (2002, p. 11)	Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control and hold accountable institutions that affect their lives.

The above cited definitions are wide ranging based on the emphasis on the aspects of empowerment and underlying agenda; however, the common features of various definitions can be concluded into a nexus of key terms included in defining women empowerment. According to Malhotra et al. (2002) and Bold et al. (2013), these key terms include options, choices, control, and power and oftentimes these refer to the ability of women to make decisions and capacity, thereof, to affect the outcomes of these decisions, which are more relevant to themselves and their families' well-being (Kabeer, 2011). It can be described as a bottom-up approach for empowering women. However, in order for empowerment to sustain over longer period, actions taken by women needs to be accompanied by the actions taken by the states, governments or other organisations and institutions (Batliwala, 2007; Bisnath, 2001; Mayoux, 1999), which can be described as a top-down approach for empowering women. For instance, World Bank's definition, reflecting on the top-down approach, requires institutional reforms against four elements: accountability, local organisational capacity, inclusion or participation and access to information. It was further substantiated by Narayan-Parker (2005), who argued that empowerment requires eradicating formal and informal institutional barriers that inhibit poor women and men from taking actions to improve their well-being. When, actions are taken from both sides empowerment brings independence of actions and freedom of choice in women (Ganle et al., 2015) and completes the empowerment spiral as shown in the figure 2-5 below; however, a general consensus is that agency is the most important aspect of empowerment process, which is represented by the dark area in the figure 2-5.

Figure 2-5 Empowerment Spiral



Source: The researcher

Moreover, a further understanding of women empowerment can be developed by focusing on the key concepts that have been used in defining women empowerment. Malhotra et al. (2002) argues that process and agency are the most important concepts in empowerment, which can also be seen in various definitions illustrated above including Kabeer (1999a, 1999b), Keller and Mbwewe (1999), Kay (2002), Rowlands, (1995), and VeneKlasen and Miller (2002). By process it means empowerment occurs in moving from one state (of disempowerment) to another state (of empowerment) as also shown in figure 2-5. The second concept in empowerment is the use of agency, which requires women to take significant actions (referring to human agency) that enable women to experience empowerment (Batliwala, 2007; Bisnath, 2001; Malhotra et al., 2002). However, another argument in the literature associates empowerment with expansion of agency and opportunity structure and the interaction between these two before empowerment actually takes place; hence from this perspective empowerment includes both process and the outcome (Alsop et al., 2006). In this context, women empowerment is a process actually characterised by the capacity of women (agency) to take

decisions between choices to control and affect outcomes that are important to them and their families thereof (Bold et al., 2013).

Another important concept in empowerment, as observed from Alsop et al. (2006), is that empowerment is multidimensional, which takes place at various levels including individual (Bradshaw, 2013; Niketha et al., 2017; Rowlands, 1995; Sadan, 1997) interpersonal/group (Bhatt & Bhatt, 2017; Gutierrez, 1990; Rappaport, 1987; Riddle et al., 2017), or even community or organisational level (Aiyer et al., 2015; Chesler & Chesney, 1995). It implies that empowerment is relational, which occurs in relation to someone else, at the minimum one individual - Zero-sum game theory²⁵. However, among the few others, Narayan-Parker (2005) in contesting zero-sum game theory described that empowerment occurs within the frameworks of ‘power with’, ‘power within’, ‘power over’ or ‘power to’. According to Berger (2005, p. 6), “The ‘Power over’ relations refer to a traditional dominance model where decision-making is characterised by control, instrumentalism and self-interest. The ‘Power with’ relations reflect an empowerment model where dialogue, inclusion, negotiation and shared power guide decision-making and the ‘power to’ relations represents forms of resistance that public relations practitioners may use to try to counter a dominance model”. Although there are many arguments on what necessitates empowerment, the strongest argument in the literature maintains that empowerment is ‘extremely culturally specific’ (Malhotra & Mather, 1997; Malhotra et al., 2002; Narayn-Parker, 2005); therefore, the focus should be on conceptualising empowerment within a specific context (Garikipati, 2013). The present study was largely informed by the arguments established in Cattaneo and Goodman (2015), Christens (2012), Garikipati, (2013), Malhotra and Mather, (1997), and Malhotra et al. (2002).

²⁵ Gain of power by one individual is off-set by loss of power of the other. See for discussion on zero-sum game

Another strand of theoretical literature, similarly, argues that resources, agency, and achievements are the most important elements of empowerment (Malhotra et al. 2002; Kabeer, 1999a, 1999b, 2001, 2005; Mayoux, 1998; Sen, 1999). Most of the work in this domain is attributed to Naila Kabeer who has provided an excellent conceptualisation of women empowerment within the context of microfinance in developing countries. Her definition of women empowerment is perhaps the most ever cited definition in the literature on microfinance and women empowerment. In theorising women empowerment, Naila Kabeer has excellently captured the common features appear in various definitions of women empowerment. Kabeer (1999b, p. 2) writes that empowerment “refers to the processes by which those who have been denied the ability to make choices acquire such an ability”. At another point Kabeer (1999a, p. 437) argues that empowerment is “the expansion in people’s ability to make strategic life choices in a context where this ability was previously denied to them.” She described these ‘strategic life choices; as decisions that affect the quality of women’s everyday life such as living choices, selecting life-partner, having children, deciding number of children, freedom of speech, mobility, or political/social involvement etcetera (Kabeer, 2005). Kabeer argues that, “the ability to exercise strategic life choices can be thought of in terms of three dimensions or different “moments” in the process of social change: resources - preconditions, agency - process, and achievements - outcomes (Kabeer, 1999b, p. 3).”

In more conventional economic sense, resources mean material resources (such as land, livestock, jewellery or working capital etc.); however, Kabeer (1999b) further included human resources (such as individual’s skills, knowledge, imagination, capabilities etc.), and social resources (such as relationships or connections that enable individuals to go beyond the abilities they possess as individuals), in to the pool of resources that improve one’s ability to exercise choices. She further argued that individuals access these resources from social institutional domains within a society such as family, community, market and the state. It has further been

observed from Narayan-Parker (2005) that assets and capabilities are the most important resources possessed by individuals or groups. He has further included political, informational and moral resources into the pool of resources that can facilitate the empowerment process in one way or the other. He argued that people with better resources are better able to withstand economic and financial shocks and have better bargaining power than people with limited or no resources.

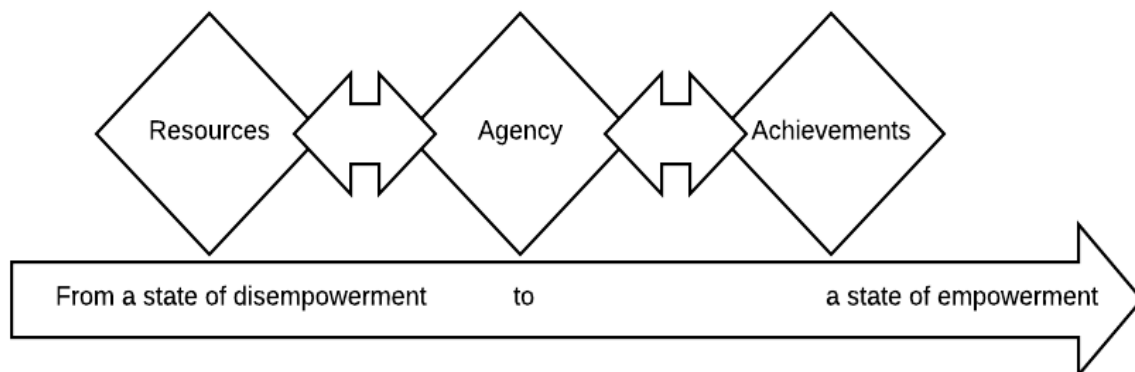
However, Narayan-Parker (2005) has also maintained that possession of resources indicates only a limited or incomplete empowerment since the actual empowerment is directed by the skills and effectiveness with which these resources are transformed to achieve empowerment. Therefore, according to Narayan-Parker (2005), capabilities are equally important for empowerment to be experienced. Capabilities include human capabilities – such as knowledge, experience, expertise, or education etcetera – and social capabilities – such as leadership, social belongings, or relations of trust – and psychological capabilities – such as power of imagination, ability to transform ideas, self-esteem, or self-confidence etcetera (Kabeer, 1999a, 1999b; Malhotra et al., 2002; Narayan-Parker, 2005; Sen & Batliwala, 2000). However, the categorisation of resources provided by Narayan-Parker (2005) can be reduced by incorporating political, informational, moral and physical resources into a broad category of human resources as proposed by Kabeer (1999a).

In this respect, the resources have been classified into three broad categories of financial resources (or financial capital), human resources (or human capital) and social resources (or social capital) within the scope of current study. Kabeer (1999a) defined the second dimension ‘agency’ as one’s capacity to identify and define his/her goals as well as transform such goals into achievements by acting upon them. Malhotra et al. (2002, p. 8) name this agency “the idea of self-efficacy and the significance of the realisation by individual women that they can be the agents of change in their own lives”. Agency, in this sense, is operationalised through decision-

making and “may take the form of bargaining and negotiation and even deception, manipulation, subversion or resistance as well as more intangible, cognitive processes of reflection and analysis” (Kabeer, 1999a, p. 438). Both the individuals and groups (formal or informal) can exercise this type of agency; however, it is also noted from Kabeer that there are negative aspects of agency as well in terms of ‘power’, where power is used to exploit others.

In Kabeer’s approach the crux of empowerment is the existence of agency. Kabeer argues that agency has both “positive and negative connotations” (Kabeer, 2005, p. 14). Its positive sense the ‘power to’ refers to a position whereby people select their own choices and act accordingly regardless of any opposite views; while the negative sense of agency the ‘power over’ implies that individual’s choices are influenced by others who dominate the individuals by any means (Kabeer, 2005). The third dimension of Kabeer’s definition is ‘achievements’, which is the outcome of resources and being affected by the agency. The ‘achievements’ could be both successful and failed (due to individual incompetence or incapability) depending upon the outcome from other dimensions. However, if the achievement is successful, Kabeer refers to it as ‘the individual in question has been empowered’ (Kabeer, 2001). On the contrary, Malhotra et al. (2002) argued that achievements are best described as outcomes since the achievements are only indicators of empowerment not empowerment in itself. The process of empowerment as defined by Naila Kabeer is shown in the figure 2-6 below.

Figure 2-6 Process of Empowerment



Source: Kabeer (1999a)

Kabeer's approach has provided an excellent description of empowerment; however, there is an important caveat that needs to be discussed here, which is particularly relevant to the context of this study. The literature on women empowerment tend to agree that empowerment cannot be measured directly; therefore, the researchers use empowerment indicators to ascertain whether women have experienced any empowerment after participation in microfinance programmes or not (Afrin et al., 2010; Ashraf et al., 2010; Ganle et al., 2015; Garikipati, 2013; Geleta, 2016; Hashemi et al., 1996). These indicators have generally been taken from resources (such as access to financial and non-financial assets or capabilities), agency (such as decision-making, bargaining, negotiation and control on resources), and even achievements (such as well-being and welfare) (Malhotra et al., 2002). Kabeer (1999a) in conceptualising women empowerment has defined resources as preconditions or enabling factors in the empowerment process; whereas, Malhotra et al. (2002) argued that there could be a situation where resources might actually be an outcome or even represent agency. For instance, several studies such as Zaman (1999) argue that participation in microfinance programme has resulted in accumulation of resources or assets in the hands of women. In this situation, resources represent an outcome as well as a precondition since access to resources resulted in accumulation of resources in the hands of participating women.

Similarly, employment or income from employment is a resource for women empowerment (Kabeer, 1999a; Narayan-Parker, 2005) but if employment or income from employment is a result of participation in microfinance programmes (Imai & Azam, 2012), then as Malhotra et al. (2002) argued, it would be seen as the manifestation of women's agency and the resulting income from this employment will be seen as an outcome rather than a resource. In a similar fashion, skills and capabilities are taken as resources in Kabeer's approach; however, it has been argued that participation in microfinance programmes have resulted in enhancing capabilities (Becchetti & Conzo, 2011) and skills (Kessy & Temu, 2010) and even social relationships (Magner, 2007), which actually makes these resources an outcome as well as a precondition. Taken together, there could be a number of situations where resources, agency and achievement may actually replace each other within the empowerment process; therefore, as Malhotra et al. (2002) argued, understanding the empowerment process within a specific context is very critical. It is important because indicators of empowerment may significantly vary from one context to another context and may not even signify empowerment if the context is changed (Garikipati, 2013; Hashemi et al., 1996; Malhotra et al., 2002; Malhotra & Mather, 1997; Rehman et al., 2015).

Moreover, in Kabeer's approach, apparently the focus has exclusively been on, what is named as the bottom-up approach in this study, the assumption that only women are responsible for taking actions to empower themselves; however, as discussed earlier, the role of states or institutions is also critical in the empowerment process (Malhotra et al. 2002; Narayan-Parker, 2005), which is named as top-down approach for empowering women in this study. It is based on the premise that borrowing women themselves lack resources and hence they approach MFIs to access resources (financial, human or social) to initiate the empowerment process, which in fact is articulated by MFIs not women. Similarly, safety and security of women is another important part of the empowerment process; however, neither MFIs nor women have

control on this. It in fact lies in the legal, social and political structures of the country for which the state or governmental actions are accountable. Therefore, the process of women empowerment is not only affected by the actions taken by women rather lending institutions and state or government plays a vital role in the overall empowerment process (Batliwala, 2007; Malhotra et al., 2002; Mayoux, 1998).

Additionally, Kabeer's approach only captures vertical power gains by emphasising on 'power to' and 'power over' aspects of empowerment; however, the 'power with' is also an important dimension of empowerment particularly in the microfinance context where women gain empowerment by socialising and participating in group activities and meetings. Therefore, empowerment as conceptualised by Narayan-Parker (2005) has been taken together with Kabeer's approach to make a general definition to be used within this study, whereby women empowerment is defined as, "The expansion in women's capabilities to make strategic life choices to participate in, negotiate with, influence, control and hold accountable institutions (family, market, community and state) that affect their lives". This definition can be effectively applied within the context of this study to understand and conceptualise the process of women's participation in IFMPs and the outcomes of this process.

2.6.3 Review of empirical literature on women empowerment and microfinance

Impact assessment studies are generally carried out to examine or evaluate the outcomes of an intervention or a project, such as policies, projects or programmes against the stated objectives (Odell, 2010; Stewart et al. 2010). Microfinance is also an intervention that is meant to achieve the objectives of women empowerment and poverty alleviation. A number of impact assessment studies have been, therefore, carried out to evaluate or assess the outcomes of this intervention in terms of its impacts on the intended poor populations. In the table 2-6, the researcher has summarised the key research studies relevant to the scope of this study; however, the list is not exhaustive. Rest of this section has reviewed the existing empirical evidence to highlight the nature of conflicting findings reported by impact assessment studies to identify underlying reasons.

According to Zaman (1999), microfinance has helped the poor by way of providing access to finance and asset building, control over assets and giving them knowledge and self-esteem. Malik and Luqman (2005) has argued that basic idea behind extending microloans to women is to improve their economic conditions, and enabling them to earn extra income for their families. It has further been argued in the literature that microfinance is predominantly designed to alleviate poverty and empower women in the less-developed countries (Ahmed, 2004; Noreen, 2010; Robinson, 2001). Women play a vital role in development of their families, culture and economic development as it is evident from the women proportion of the world population; however, certain constraints such as unemployment profile, poverty, low households incomes and other social discrimination issues, are hindering their effective participation in economic development (Ekpe et al., 2010).

Table 2-6 Summarising key research studies

Author	Main focus of study	Research design, methods, sample size, sampling technique, analysis	Country	Main findings of the study	Limitations reported
Afrin et al. (2010)	Entrepreneurship	Quantitative, Surveys, questionnaires (246), purpose sampling and random sampling, structural equation modelling and factor analysis	Bangladesh	No impact of microfinance services in development rather than survival. Significant relationship between financial skills and entrepreneurship development of rural women.	Not reported
Ashraf et al. (2010)	Female empowerment and commitment savings	Quantitative, randomized control trial, savings commitment treatment group, marketing treatment group, and control group, survey, random sampling (3125 across three groups), quantitative analysis	Philippines	Positive impacts, particularly for women who have below median decision-making power in the baseline, and this leads to a shift towards female-oriented durables goods purchased in the household.	Not reported

Aslanbeigui et al. (2010)	Critiques of empowerment	Ethnographic study, interviews (10), women lived experiences, qualitative analysis	Bangladesh	Empowerment is not a viable candidate to assess microfinance impact, empowerment is difficult to achieve without changing ancient customs, it is futile to rely on short-term changes	Not reported
Chowdhury (2008)	Entrepreneurship	Quantitative, household survey (920), random sampling, Ordinary least square (OLS)	Bangladesh	No impact at household level in Women entrepreneurship development, support existing entrepreneurs run by males	Not reported
Coleman (1999)	Poverty and well being	Quantitative, surveys, in-depth interviews (445), control v treatment group, random and stratified sampling, quantitative analysis	Northeast Thailand	No impacts on well being No signal of productive utilization of bank loans	Not reported
Cornwall (2016)	Women empowerment	multi-country, multi-disciplinary and multi-perspectival programme of research on women's empowerment, 5 case-studies	Multiple country case-studies	Key findings pointed to the need for a shift of perspective and practice.	Not reported

Copestake et al. (2001)	Poverty and well being	Mixed methods, surveys, focus groups, questionnaire (420), random sampling, quantitative and qualitative analysis	Zambia	Significant impact on second time loan seeker's business and household income, Inflexible group enforcement of loan obligations resulted negative impact on first time loan seeker's	Not reported
Drolet (2010)	Microcredit and women empowerment	Qualitative, focus groups, interviews, document analysis, observation, 69 participants, qualitative analysis	Egypt	Microcredit intervention has potential to impact women empowerment; however, it is unlikely to alter power and gender relations within a society and economy using a single intervention such as microcredit	Not reported
Fatima (2009)	Women access to credit	Secondary data research survey (8663), multivariate logit regression	Pakistan	Social-cultural factors inhibit rural women access to finance which can be tackled by self-confidence and reliability	Rural market financial survey used for assessing the demand for borrowings
Fletschner (2009)	Women access to credit	Quantitative, survey and field observations (210 couples), Semi-Cooperative Household model	Eastern Paraguay	Men face less obstacles than women in accessing credit,	Selection bias

Geleta (2016)	Women empowerment	Ethnographic study, interviews, focus groups, observation, theoretical sampling, client and non-client comparisons, qualitative analysis	Ethiopia	Weak link between microfinance and women empowerment	Not reported
Ganle et al. (2015)	Empowerment and disempowerment of rural women	Longitudinal qualitative study, probability and non-probability sampling (232 women participants), thematic network qualitative data analysis framework, Nvivo	Ghana	Mixed findings: some women experienced empowerment, some did not experience empowerment at all, and other experienced disempowerment	Selection bias, programme placement, and possible fungibility of the credit
Garikipati (2008))	Household vulnerability and women empowerment	Quantitative, 2 round survey surveys, randomly conducted interviews, (291 married couple households), participants and non-participants comparisons, vulnerability and empowerment logit models, statistical analysis	India	Lending to women is likely to impact the household capacity to combat vulnerability; however, women themselves, especially poorest ones, are unlikely to experience improvements at household status,	Variables selected may have resulted in biased results, spill-over effects are likely, an element of selection bias

Garikipati (2012)	Women empowerment	Quantitative, survey and interviews (302, 397, and 38), data collected in 3 rounds, stratified sampling, quantitative statistical analysis	India	Access to credit alone is unlikely to improve the value of women's work time, women loans are most likely to improve household productive assets,	Not reported
Goetz and Gupta (1996)	Gender, power, and control over loan use	Qualitative, interviews, purposive selection of samples, qualitative study of 275 loans, qualitative analysis	Bangladesh	Variation in the control over loan use by women borrowers reported	Methodological issues
Guerin et al. (2013)	Women empowerment	Qualitative, semi-structured interviews, observations, group discussions, random and stratified sampling, survey (170 clients), qualitative analysis	India	Revision of current understandings of women agency is recommended taking into account the complex relationships between agency and power	Small sample, issue of generalizability,
Hansen (2015)	Psychological women empowerment	Quasi-field experiment design, random and stratified (172), control and non-control group, questionnaires and interviews, trend analysis and planned	Sri Lanka	participation in a few or even single training can lead to psychological empowerment of women, training is very important as well as the content of training in achieving psychological empowerment	Cross-sectional study design did not allow causal conclusions about the observed effects, precise mechanism of impact remained hidden,

		contrasts, statistical correlations measured			
Hashemi et al. (1996)	Women empowerment	Ethnographic case study, survey and interviews (1300 married women), random multistage cluster design, triangulation data analysis	Bangladesh	Significant effect of programmes on all eight indicators of women's empowerment	Selection bias
Holvoet (2005)	Women empowerment: decision making agency	Quantitative, Surveys, Samples and subsamples (50), interviews, statistical tools for testing, log-linear regression analysis	India	Intensive social group intermediation particularly contributed towards enhanced women's decision-making agency	Possible selection bias element
Hughes et al. (2015)	Empowering women	Secondary data review and analysis	Latin America, Africa, and Asia-Pacific	Complex link between WEE and domestic violence and context dependent, need rigorous research to investigate these links	Secondary data

Johnson (2005)	Microcredit and empowerment	Mixed methodology study, 2 round surveys (348 informants, 249 clients, 99 control), semi-structured in-depth interviews (26 women), quantitative and qualitative analysis	Malawi	High rates of exit from the programmes experienced, very mixed pattern of impact of the programmes, individuals lacking skills and experience for running enterprises	Clients exiting the program
Kim et al. (2007)	Women empowerment	Quantitative and qualitative, cluster randomized trial design, 8 villages selected based on size and accessibility, intervention and control group, mixed analysis	South Africa	After 2 years, the risk of past-year physical or sexual violence by an intimate partner reduced by more than half, improvement in all 9 indicators of women empowerment	Not reported
Krenz et al. (2014)	Exploring Women empowerment	Qualitative, convenience sampling (10). interviews and surveys, thematic analysis	India	Positive impacts of credit have been recorded, change in individual, household, and collective agency dynamics	Small sample size, less generalizability, selection bias,

Kabeer (2001)	Re-evaluation of empowerment potential of microfinance loans	Mix methodology, survey (700), interviews (50 females and 20 males), basic descriptive statistics, comparative analysis	Bangladesh	Primary reason of conflicting evaluation results lies in the very different understandings of intra-household power relations on which the results draw on	Not reported
Nawaz (2015)	Women empowerment: economic and social dimensions	Qualitative primary and secondary data, purposive sampling (40), semi-structured and in-depth interviews, focus groups, observations, multi-perspective analysis using Nvivo	Bangladesh	Financial literacy is most fundamental and should be a compulsory training component of all microfinance programmes	Not reported
Pereznieto and Taylor (2014)	Measuring women empowerment	Review of 70 impact intervention evaluations, filters developed for inclusion and exclusion criteria, meta-analysis	England	Recommended method for women empowerment measurement is mixed method (quantitative and qualitative methods)	Not reported

Rehman et al. (2015)	Women empowerment	Qualitative case study approach, convenience sampling technique (13 respondents), qualitative analysis using Nvivo	Pakistan	Age, education, marital status and family type are important contributing factors that influence women's empowerment,	Small sample size, less generalizability, no standard empowerment tool, problem in consistency and comparing due to the context of study
Sahu (2015)	Women empowerment	Quantitative, random sampling (1000 men and women), women empowerment index, logistic regression models	India	Significant difference in behaviour of member and non-member groups, no significant difference between member and non-member SHG women with respect to autonomy	Not reported
Steele et al. (1998)	Women empowerment and fertility behaviour	Quantitative, quasi-experiment, panel survey data, repeated survey and interviews, cluster sampling (6,456 and 5,696), latent trait analysis, before and after evaluation design, quantitative	Bangladesh	Women who joined programme tend to be more educated and socially independent, positive impact of programme on child education, age at marriage, and use of modern contraceptives	Problem of attrition, dropouts,

You and Annim (2014)	Impact of microcredit on child education	Quantitative quasi experiment, survey, interviews, static and dynamic regression discontinuity design, quantitative analysis	China	Microcredit immediately effected child education with magnitude of nearly three years; however, no significance found in longer time	Not reported
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A. Banerjee and Duflo (2012) urged that when interventions are designed with a view to empower women by way of enhancing their access to financial opportunities, overall economic development has also risen. The loans extended to the women, particularly, resulted in improvement of health and nutrition of families of the borrowers; however, the loans extended to the males did not show significant improvement in the health and nutrition measures (Pitt et al., 2006). Similarly, Khan et al. (2011) argued that microfinance programmes created awareness among the women and empowered them to involve in activities such as children education, health care utilization, self-identification, improve living standards, literacy levels, and visits to relatives. Lalitha and Nagarajan (2002) and Simanowitz and Walker (2002) have further substantiated the positive impact of microfinance programmes on women empowerment.

An ethnographic quantitative research by Hashemi et al. (1996) studied the impact of microfinance programmes on women empowerment in Bangladesh. It has remained a most authentic enquiry of women empowerment to date since it has extensively taken the social context into consideration in designing the empowerment indicators. However, replicating Hashemi et al. (1996) is not an easy task since the study took more than 4 years and plenty of financial and human resources to conclude the findings. It was undertaken in six villages during 1991-94 to understand the reproduction related process of change in women's role and status and in norms. They collected data, using survey method, from 1300 married women (below 50 years old) in 1992 by employing random multistage cluster sampling design to include villages from all four geographical divisions of Bangladesh. The sample data consisted of four groups composed of BRAC member, Grameen Bank members, non-members (who could have joined BRAC or Grameen Bank) of Grameen Bank Villages and a control group of people who were living in villages with no BRAC or Grameen Bank programmes but would have been eligible

for joining the programmes. The respondent women were part of the credit programmes for at least last 18 months prior to conducting the survey.

Hashemi et al. (1996) employed participant observation and informal interviewing techniques with other structured instruments to capture the data. Two of the villages had BRAC in operation, the other two had Grameen Bank working in, and the other included had no BRAC or Grameen Bank programmes. The ethnographic team, of six women and six men, was given extensive training for carrying out the study successfully. A team of one male-one female were allocated to six villages, where they resided for 2 years with casual visits in the following year. Every team had 20 respondents to interview and observe over the time period allotted. They developed a household survival matrix to capture the detailed information at several points. They constructed (1) eight empowerment indicators as scale variables, (2) indicators of contribution to family support, (3) four dichotomous, mutually exclusive variables to indicate exposure to credit programmes and (4) three control variables related to demographic and socio-economic status of the women. They used logistic regression model to explore the sample data in the beginning phase followed by applying economic case study analysis, bivariate analysis and qualitative analysis to the findings of this study. Hashemi et al. (1996) concluded their findings by arguing that microfinance has considerably improved the well-being of the women and significant effects have been observed on all of the indicators used to capture empowerment of women. However, they have also recognised that empowerment indicators may only represent empowerment in the context of research setting.

Goetz and Gupta (1996), on the other hand, have observed negative impact of microfinance programmes on women empowerment. They initially focused on the experiences of women empowerment than on prioritising the use of credit or control on credit; however, in the course of the study, they further included managerial control on credit to assess empowerment of participating women borrowers. Goetz and Gupta (1996) concluded their findings by

highlighting the adverse impacts of microfinance programmes, whereby majority of the women did not have control on credit and microfinance programmes in fact disempowered a number of participating women borrowers. However, it has to be acknowledged that this study was limited to assess empowerment only against control on loans unlike an extensive analysis of women empowerment by Hashemi et al. (1996).

However, in this respect, Rehman (1999) has provided robust findings to highlight negative consequences for women participating in microfinance programmes of Grameen Bank of Bangladesh. He conducted an in-depth enquiry of the women experiences and the relationships between the Grameen workers and women borrowers. He argued that Grameen Bank induced his workers to approach more women borrowers merely to achieve high repayment rates and earn viable profits to run the business successfully. Rahman further highlighted that Grameen workers exerted intense pressure on women borrowers, used abusive language, and thus created new forms of dominance over women. He argued that Grameen Bank only target women because they are weak and less mobile unlike their counterparts and can be easily threatened to make repayments on time. Although, the findings of Rahman (1999) are largely informed by the relationships between Grameen workers and participating women borrowers, it highlights the ways by which microfinance has the potential to disempower women.

In another study, Norwood (2013) used a mixed study approach to measure the impact of microcredit programmes on women empowerment. The study consisted of 204 women (member and non-member) of rural Ghana. The quantitative part of the study, Chi-square analysis, showed no associations between the membership of microcredit programmes and relative wealth of the member: whereas, the qualitative part indicated that women believe that microcredit is extremely important to obtain working capital and reinvesting in their small market ventures. It further helps them in meeting the costs of other household expenditures including children school fees.

Another study by Ganle et al. (2015) employed longitudinal qualitative research to capture the empowering impact of NGO-run micro-lending programmes in Ghana. The study was carried out in rural communities in Nadowali District of the Upper West Region of Ghana and included three phases. The sample size consisted of 232 participants, out of whom 230 were loan recipients and the remaining two were the staff members of the lending organization. In first phase, the base-line survey was carried to recruit rural women receiving loan into the program. The purpose of second phase was to collect data on income generating activities and its relation to empowerment. The last phase concluded the study by evaluating the impact of these activities on women empowerment over time. They utilised probability and non-probability sampling techniques in the first phase, whereas blindfolded and purposive techniques were used in the second and third phases respectively. The main instruments of the research included in-depth interviews and focus groups. The study concluded that access to credit had mix impacts: some women experienced improvement in empowerment, some did not and the other had a negative impact. Explaining the negative impact, they stated, women were subjected to harassment and are worse-off due to their inability to repay loans on time.

Similarly, the findings of Sahu (2015) further substantiate the contradictory findings of studies measuring impact of microfinance on women empowerment. Sahu (2015) studied the relationship between women empowerment and involvement in Self-Help groups (SHG) based microfinance programmes. The study was carried out in five states of India, where the sample villages, within the districts and blocks, were randomly selected after discussion with the relevant NGO staff members. SHGs were also randomly selected within the villages. Only the active SHGs, since last three years, were included into the sample data. Within the SHGs, 2-3 members were randomly selected for interviews. Within every state, the sample data was consisted of 100-SHG members (married women) and 100 non-SHG members to study the desired relationship. Overall, the data consisted of 1000 women, out of whom 500 were SHG

members and other 500 were non-SHG members. The study constructed a women empowerment index to measure empowerment across economic, social, political and composite empowerment. The composite empowerment of women was drawn from her economic, social, and political dimensions of empowerment. The study employed Chi-square analysis and binary logistic regression to test the hypothesis.

The findings show that composite empowerment indicates 13.2% of SHG member women experienced empowerment. The intensity of economic and political empowerment, though, increased with the length of membership in SHGs; however, it did not signify a strong link with their social empowerment. Sahu (2015) concluded that economic empowerment is weakly linked with social or political empowerment and impacts are not necessarily transformed into other dimensions. Similar findings were reported by Bayissa et al. (2017), Khan et al. (2013) and Mahmud et al. (2012) among others. Sahu (2015) finally concluded that microcredit programmes may have the potential to influence economic empowerment but social transformation may not always be possible. Although, Sahu has acknowledged the importance of social context for studying empowerment, he has based his conceptual framework on empowerment indicators as developed by Hashemi et al. (1996). In this respect, the findings of Sahu (2015) only substantiate Universalist perspective in employing empowerment indicators, whereby social context is ignored in assessing or measuring women empowerment.

Qazi et al. (2013) also studied the empowering impact of microfinance programmes in underprivileged areas of Karachi, Pakistan. The study adopted the phenomenological research design (qualitative approach) to investigate the 'lived experiences of female borrowers of microcredit programmes. The philosophical stance of the study was 'interpretivism' that was based on the inductive approach. The sample data included 17 women who had taken credit purposively. The non-probability technique in, its purposive mode, was applied for selecting the potential respondents. Out of the sample data, 13 women were doing their own business;

two were doing jobs but availed credit for their male counterparts. The data was collected using in-depth interviews by applying data saturation theory and phenomenological analysis to transcribe and analyse the data. They first studied the empowering impact of microcredit programmes and then potential of resulted empowerment towards reducing poverty.

They assessed empowerment against three dimensions: economic empowerment, social empowerment, and well-being. These dimensions further included the indicators for studying the impact; however, the present researcher was unable to access how they come to select the empowerment indicators. The study concluded that microcredit empowered women across all three dimensions; however, the most influential impact they observed, was when credit provided autonomously with support from family and facilities from MFIs. Hence, they postulated that, microfinance is a vital tool for empowering women in Pakistan and insisted on holistically designing it to give access to the women of lower strata of the society. However, more recently, Meraj (2016) submitted an opposite view of the conventional microfinance borrowers, in studying the empowering impacts of conventional MFIs in six districts of Karachi, whereby 56% of the respondents opined that conventional MFIs do not empower women against 22.59% respondents who actually agreed that MFIs do empower women.

In another study, Rehman et al. (2015) proposed similar findings as of Qazi et al. (2013) in measuring the impact of microfinance programmes on women empowerment. In their study, Rehman et al. (2015) addressed empowerment against social and political dimensions in addition to understanding the impact of demographic variables on women's decision-making abilities. The study was qualitative in nature, which employed Qard-e-Hassan (principle of Islamic microfinance) as a basis to develop theoretical model of women empowerment. They used a descriptive case-study research design to explain in-depth underlying social phenomenon. The primary data was collected through semi-structured interviews from the female borrowers of four branches of Akhuwat Foundation in Lahore. They used convenience-

sampling technique to identify and select the 13 participants of this study. The qualitative data analysis software named 'Nvivo' was used to reach the research findings. The findings showed that participation in microfinance programmes bring about positive changes in household conditions, family well-being, and social status. It further found that age, education, marital status and family type play an important role in empowering women. Moreover, the study established that women tend to be more altruistic and spend more on family than themselves. Although, Rehman et al. (2015) first established in their study that socio-cultural context is vitally important to select empowerment indicators, they did not later justify their reason for adopting empowerment indicators from Mayoux and Hartl (2009). In this respect, the findings of the study have been substantially compromised.

Another study by Bezboruah and Pillai (2013) further supported the argument that women's involvement in microfinance results in empowering women. They studied women's participation rates from 105 developing countries by employing legal status, external control, target clients and outreach as determinants. The study found that regardless of the introduction of formal financial institutions, women in developing countries tend to seek loans from grassroots MFIs. Furthermore, the study highlighted that with more commercial banks offering microcredit on conventional banking principles, women could be even left behind. Although, Bezboruah and Pillai (2013) have presented robust findings on the impacts of MFIs on women empowerment, yet the results are based on the secondary data collected through MIX database. Hence, the context of the participating women borrowers has not been taken into consideration in concluding the findings.

Guerin et al. (2013) analysed the ambiguity of empowering impact of microfinance in the Indian microfinance sector. The study aimed to document the various unexpected ways in which women actually use microfinance. This empirical study was based on the primary data collected from two districts of rural South India. The borrowers of two NGOs, serving since at

least last 5 years, were selected to document women's narratives and testimonies using qualitative means of data collection. This included semi-structured interviews, case study and group discussions, informal discussions and participant observation. The data set consisted of 170 women borrowers of both NGOs of multiple religious backgrounds. The qualitative analysis found that women always negotiate between their kinship groups and neighbours in the male dominant context. The relationships, power relations inclusive of, between women influence the uses of credit services. The study proposed the revision of existing understanding of the female agency to consider the link between agency and power to contest the 'conventional polarity of power as domination (power over) and power as agency (power to).

Apart from the few studies above discussed, there is a great deal of empirical literature that casts light on the empowering impacts of microfinance; however, the evidence is yet inconclusive (Malhotra et al., 2002; Odell, 2010; Stewart et al, 2010), which substantiate the earlier findings discussed in the section 2.5.2. In this respect, it has been argued that the cause of this discrepancy is the focus of studies on either outcome of microfinance programmes or the process of participation in microfinance programmes (Garikipati, 2013; Kabeer, 2001). For instance, the above discussed studies of Hashemi et al. (1996) and Goetz and Gupta (1996) submitted contradictory findings by studying the outcomes and process respectively. In addition to this, there is another argument which questions the reliability and validity of empowerment indicators (Garikipati, 2013). The later argument is, however, more relevant to the issue since the tendency of the researchers to replicate empowerment indicators and focus on quantifying women empowerment has failed to capture the true nature of resulting empowerment. For instance, the empowerment indicator 'mobility' has been extensively used in the impact assessment studies (among other: Hashemi et al., 1996; Hossain, 1988; Steele et al., 1998), which generally implies that increased women's mobility, such as to consumer markets, is a positive outcome; however, Garikipati (2013, p. 54) argued that "it may in fact be

a compulsion imposed by poverty conditions, and may be viewed unfavourably both by the women and the society concerned”. In such a case, increased mobility may not actually be a useful indicator to assess empowerment. Similarly, women’s control over resources (including assets and loans as well as decision-making) has been taken as a strong indicator of women empowerment; however, men’s control over resources does not necessarily mean that women have been disempowered as long as the resources are being utilised for the overall well-being of the family, particularly women. The conflicting nature of findings, therefore, calls for further rigorous research in this area.

Moreover, it has been observed from the existing literature that majority of the studies in empowerment arena have employed either survey based strategy or quasi-experimental designs, as shown in the table 2-7 in the next section, which have focused exclusively on outcomes of empowerment process not the process itself. In this respect, Garikipati (2013) has endorsed an approach to focus on conceptualising the process of how women are empowered by participating in microfinance programmes than focusing on measuring the outcomes of this process since the later does not depict a true picture of empowerment experienced by participating women. It can be achieved by employing particularly qualitative research investigation approaches to capture the veracity behind certain actions of women that have traditionally been perceived as empowering or disempowering them (Garikipati, 2013; Goetz & Gupta, 1996). The next section further sheds light on the underlying issue of selecting empowerment indicators.

2.6.4 Problems in selecting empowerment indicators

Measuring empowerment, either by quantitative or qualitative means, has become increasingly important and the ultimate objective of many development policies and programmes in the practical and academic world alike. For assessing and measuring women empowerment, there

are numerous interpretations and methods presented in the literature (Duvendack et al., 2012; Ganle et al., 2015; Kabeer, 2001; Malhotra et al., 2002; Mayoux, 1998, 1999; Stewart et al., 2010). However, a general consensus is that empowerment is a complex and socially constructed phenomenon being affected by culture, society, norms, traditions, and context etcetera, which makes it very illusive to measure it directly (Cattaneo & Goodman, 2015; Christens, 2012; Kabeer, 2011; Neal & Neal, 2011; Uddin, 2015; Zimmerman & Warschausky, 1998). The commonly referred issues in measuring women empowerment include: multidimensionality (Bayissa et al., 2017; Gutierrez, 1990; Mayoux, 1998; Niketha et al., 2017; Peterson, 2014), context specificity (Garikipati, 2013; Malhotra & Mather, 1997), and problems in measuring a process (Ackerly, 1995) as well as age, marital status, family-type and educational/social status (Ahmad & Sultan, 2004; Jejeebhoy & Sathar, 2001; Rehman et al., 2015). Many empowerment theorists have argued that empowerment has many dimensions (Mayoux, 1998; Peterson, 2014; Rowlands, 1995) and each dimension can be studied by using specific indicators. The most commonly cited dimensions include economic empowerment, social empowerment and political empowerment. However, many studies have used some other dimensions of women empowerment such as psychological empowerment (Bayissa et al., 2017; Niketha et al., 2017) or financial empowerment (Luttrell et al., 2009; Sujana, 2016) in addition to other dimensions. In this respect, Malhotra et al. (2002) has extensively reviewed the existing literature on women empowerment to develop a list of prospective areas or empowerment dimensions, whereby the participating women borrowers can experience empowerment and hence the researchers can put their emphasis on measuring empowerment against those dimensions. It includes: economic, familial, legal, political, and psychological aspects of empowerment. Importantly though, they have not presented any list of empowerment indicators to be used for assessing empowerment against these dimensions.

The researchers can therefore focus on either of these areas or a combination; however, they still need to use empowerment indicators to capture empowerment against any of the chosen areas. These indicators are used as proxies to assess the level of empowerment transpired as a result of particular intervention - such as microfinance. However, the scholarship on this domain implies that selecting empowerment indicators, that best capture empowerment as experienced by women in a particular microfinance program, is easier said than done (Ganle et al., 2015; Malhotra et al., 2002). It has been observed from the literature that researchers tend to choose empowerment indicators originating from different aspects of women empowerment such as resources and agency. For instance, the ‘power to’ component can be captured by looking at ability of women to make decisions – about choices, options or freedoms - by themselves or in collaboration with their spouses/family (Kabeer, 1999a, 1999b; Malhotra et al., 2002). On the contrary, the ‘power over’ part can be seen in terms of household violence, coercion, threats, or override dissent or resistant (Kabeer, 1999b; Malhotra et al., 2002). Apart from ‘power to’ and ‘power over’ components, empowerment can also be assessed by looking at the available resources to women as well as control on resources (Moser, 2012). The resource-based indicators have extensively been used in the literature to capture empowerment (Malhotra et al., 2002; Narayan-Parker, 2005). The most commonly used indicators include the influence on decision making (Hashemi et al, 1996), freedom of mobility (Zaman, 1999), control on resources (Hossain, 1988) and change in power relations (Mayoux, 1998) at the individual and household levels. This includes women’s influence on the family decisions and her own wellbeing, for example children’s education and better nutrition (Malhotra et al., 2002). The following table 2-7 has summarised few studies, which have employed various empowerment indicators for assessing or measuring women empowerment.

Table 2-7 Indicators of women empowerment

Author and Year	Indicators of Women Empowerment used	Scope of the study	Data Source
Ackerly (1995)	<ul style="list-style-type: none"> • Knowledge of borrowers of accounting activity of their loans 	Examining women empowerment of Grameen, BRAC, and Save the children fund	Not mentioned explicitly
Goetz and Gupta (1996)	<ul style="list-style-type: none"> • Managerial control over the use of loans 	Examining women empowerment by assessing direct control over the use of loans of BRAC, Grameen Bank, and RD-12	Non-experimental design, use of survey, use of mixed method analysis
Hashemi et al (1996)	<ul style="list-style-type: none"> • Mobility • Economic security • Ability to make small purchases • Ability to make large purchases • Involvement in household decisions • Freedom from domination within the family • Political and legal awareness • Involvement in political and campaigning protests 	Examining women empowerment of Grameen Bank and BRAC female borrowers	Participant observation and informal interviews, structured instruments, sample size (1300 married women under age 50), quasi-experimental study employed quantitative measures
Steele et al (1998)	<ul style="list-style-type: none"> • Mobility • Women role in household decision-making 	Examining multidimensional and multi-locational nature of women empowerment of members of credit and saving groups of Save the child fund, USA	Panel survey data, collected in two rounds, 6456 interviews in 1 st round and 4333 interviewed in 2 nd round, quasi-experimental

	<ul style="list-style-type: none"> • Treatment she received from her husband • Her attitudes regarding education of her children 		design, quantitative analysis used
Hossain (1988)	<ul style="list-style-type: none"> • Involvement in income generating activities • Ownership and control over assets • Control and use of savings • Economic security • Self-confidence • Awareness • Protest against remarriage of husband • Mobility • Importance to husband and role in household decision-making • Reduction in dependencies on husbands 	Examining women empowerment with a specified focus along with measuring impacts on other dimensions of credit programmes of BRAC	Household surveys to gather quantitative data, qualitative and case study approach to gather qualitative data, sample size (1700), quantitative statistical analysis to reach the conclusions
Osmani (1998)	<ul style="list-style-type: none"> • Degree of autonomy with which women can live their lives • Women's ability to control household decision-making • Access to household assets 	Examining the wellbeing impact of credit programmes of Grameen Bank on female borrowers	Household surveys, sample size (84) divided equally between control and non-control group, use of statistical measures to assess the impact

Rahman (1999)	<ul style="list-style-type: none"> • Amount of loans • Length of membership • Training • Income • Employment • Assets • Expenditures and savings • Food, clothing, and healthcare • Decision-making • Control over reproduction • Honour earned within family and society 	Examining the economic and social-cultural impact of credit programmes in assessing women empowerment in Bangladesh	
Zaman (1999)	<ul style="list-style-type: none"> • Awareness to illegal use of dowry • Awareness of divorcing process • Awareness of legal age of marriage • Awareness of local political affairs • Possession of land • Possession of poultry • Possession of livestock • Possession of jewellery • Forced pregnancies • Access to local markets 	Examining the economic, social, and political effects of credit programmes in empowering women in Bangladesh	Household survey data, sample size (1072), 1568 women surveyed to construct 16 indicators of women empowerment, use of quantitative measures to reach empirical conclusions

Varghese (2011)	<ul style="list-style-type: none"> • Household decision-making • Economic decision-making capability of women • Freedom of mobility 	Measure women empowerment in Oman for exploring ways to boost women empowerment in Oman	Used structured interviews to collect data from 150 women in Sohar region of Oman, use of SPSS to analyse the data statistically
Schuler et al. (2010)	<ul style="list-style-type: none"> • Political and legal awareness • Making small purchases • Making large purchases • Involvement in major decisions • Participation in public protests and political campaigning • Freedom from domination of the family 	Exploring the influence of empowerment in one generation of women, and health and social outcomes in the next generation	Data collected from three villages in Bangladesh using ethnographic interviews, data was qualitatively analysed to report research findings
Mahmud et al. (2012)	<ul style="list-style-type: none"> • Self-esteem • Decision-making • Mobility • Control on resources 	Examining empowerment to develop an understanding of the relationship between the context and the empowerment indicators	Survey data from a large scale experimental study, quantitative research methods, stratified sampling used to collect data from 16 rural areas in Bangladesh
Cherayi and Jose (2016)	<ul style="list-style-type: none"> • Personal Autonomy • Family decision making • Domestic consultation • Political empowerment 	Examining the social inclusion of women based on the four dimensions of women empowerment in India	Multistage cluster sampling in combination with systematic sampling (300 respondents), structured interviews,

The above table casts light on different indicators that have been used in various studies to capture empowerment against economic, social, political or psychological dimensions. However, it requires a closer inspection to understand the process of selecting empowerment indicators. More often, the researchers have replicated the indicators (reference to the above table), and if not then it may have been taken as universal indicators for empowerment (from the existing literature) except where the researchers have extensively studied the socio-economic and political context to select indicators (such as Hashemi et al., 1996; Zaman, 1999). However, the existing literature generally tends to ignore the social context in which the empowerment has to be examined in spite of the fact that empowerment is a context specific phenomenon (Garikipati, 2013). Malhotra et al. (2002), although, justified the need to take social context into account in conceptualising women empowerment, yet in moving from conceptualisation to measuring empowerment they argue that “measures of empowerment must involve standards that lie outside localised gender system and a recognition of universal elements of gender subordination (2002, p. 10)”. Few other studies (see for instance: Nussbaum, 2000; Sen & Grown, 1987) also tend to support this argument. However, the present researcher questions the validity of such measures in absence of universal consensus on what constitutes women empowerment and women subordination. Besides, Malhotra et al, (2002), in extensively reviewing the literature on this scholarship, have acknowledged, on the other hand, that without understanding the socio-cultural context (including political or economic) in which the development takes place, conceptualising the role gender play in development is not possible. Owing to this, the present researcher argues that if social context must be taken into account in conceptualising women empowerment, it is also critical in selecting the empowerment indicators. It is based on the premise that adopting a universalist view in selecting empowerment indicators may only be helpful in comparing various empowerment programmes across the countries or regions, yet of little help in capturing

empowerment within a particular context since indicators may not even mean empowerment with the change of context. Hence, if the empowerment indicators do not reflect empowerment of women clients of microfinance, the research findings are highly likely to misrepresent empowerment experiences of participating women borrowers.

Another argument originates from the legal, social and political structures of different countries and even different regions within a same country. For instance, mobility has been used by dominant impact assessment studies (among the others: Garikipati, 2013; Hashemi et al., 1996; Hossain, 1988; Steele et al., 1998; Zaman, 1999) as an indicator of social empowerment of women; however, in absence of legal, social and political system protecting and supporting women's mobility, the efforts of MFIs to enhance women's mobility will actually create new horizons of social harassment and violence against women (for instance, see Rahman, 1999). Moreover, mobility might be an important aspect of empowerment in western cultures but it may not even signify empowerment in some Asian countries such as India or Pakistan since the literature does not really address what mobility means in this context. In this respect, women receiving loans from MFIs might not actually be looking at improving mobility rather they might be looking at just supporting the family by running small-scale businesses. Therefore, using mobility, as an empowerment indicator, in this context may not help to capture a true picture of empowerment experienced by women borrowers of a (particular) microfinance programme.

The major challenge, since the last two decades, that has been prevalent in the empowerment literature was the behaviour and attributes that connote empowerment in one context but not the other (Hashemi et al., 1996; Malhotra et al., 2002). For instance, having children without marrying might be a strong indicator for women empowerment (decision-making ability) in western culture but quite an opposite in Islamic countries such as Pakistan. Similarly, suppose if state A invests more on child education (heavily subsidised or free) but state B invests more

on child health, then child education might serve as a strong empowerment indicator in state B but not in State A and vice versa. The example illustrated here signifies the importance of defining empowerment indicators based on the context and research setting (Hashemi et al., 1996; Zaman, 1999). Although, many studies have acknowledged these issues, none has addressed these issues in assessing or evaluating the impacts of microfinance on women empowerment.

The evidence emerging from the existing, yet inconclusive, literature substantiates the importance of defining the context-specific empowerment indicators; however, certainly it poses some challenges as well such as ability of the researcher to conceptualise the context and extract the information needed from the respondents. Mason (1998, p. 130, Cited in Narayan-Parker, 2005) substantiates this argument by concluding that “while our analysis suggests that the community context is very important for the empowerment of individual women, it also makes clear that community conditions which empower women tend to be idiosyncratic rather than universal”. Malhotra et al. (2002, p. 18) further validate this argument by conceding that “any given context, at any given point of time can be seen as having behavioural and normative ‘frontiers’ that need to be crossed for women to be empowered along a specific dimension, within a specific arena”. Mayoux (1998) further adds to this by maintaining that since women groups are not by nature homogeneous then a particular set of empowerment indicators might only be of relevance in one context but not the other. Similarly, Ganle et al. (2015) have backed their choice of studying the social context for selecting empowerment indicators on these arguments. These arguments also informed the current study, to understand women empowerment within a specific-context of Pakistan. The researcher believed that understanding context-specific empowerment will be more likely to represent a true picture of empowerment experienced by women borrowers as a result of participating in IFMPs.

2.7 Microfinance practices in Pakistan

Traditionally, in Pakistan the poor has to rely on informal money lender, ROSCAs, friends and their relatives to meet their credit requirements, pertaining to the fact, they do not have adequate collateral arrangements to access loans from conventional banks (Hussein & Khan, 2009). ROSCAs, in local terms called committees, are interest free credits which are the most popular source of credit particularly among the women regardless of their socio-economic backgrounds. In typical ROSCAs, a number of people contribute an equal amount every month towards a common pool of money, which is given to each member by rotation. ROSCAs can be arranged for daily, weekly, monthly or annual rotation; however, the commonly practiced ROSCAs are based on monthly rotation (Khan & Lightfoot, 2011). Apart from ROSCAs, occasionally, the government of Pakistan has been using small-scale funding projects to address poverty, particularly in rural areas to improve financial capacity of farmers to buy machinery, seeds and fertilizers (Afzal et al., 2015). Earliest of these programmes are the subsidised rural credit programmes; however, they failed to meet their objectives and more often resulted in heavy losses, inability to reach the poor and loan defaults (Hussein & Khan, 2009).

Microfinance, in Pakistan, actually started operating with the introduction of Agha Khan Rural Support Programme (AKRSP) and Orangi-Pilot Project-Orangi Charitable Trust (OPP-OCT) microcredit programme. The Orangi-pilot project started operating in 1987 (Hasan & Raza, 2012); whereas, AKRSP has been delivering its services since 1982 in the form of integrated development programmes and self-standing finance programmes through a network of agencies. By using community development programmes both of the projects were working on the same agenda of alleviating poverty in Pakistan. The development of provincial level

programmes²⁶ is also attributable to AKRSP and OPP-CT (Qureshi & Shah, 1992). Major development came into Pakistan's microfinance sector in late 1990s when various banking and leasing companies started offering microfinance services. In 1999, the very first microfinance bank, the Khush-Hali bank, was established to particularly focus on delivering financial services to the low-income people. In the same year, government established another institute named, Pakistan Poverty Alleviation Fund (PPAF), to promote this sector and dispense subsidised credit to the microfinance organizations and institutions in Pakistan. The success of Khush-Hali Bank led many other institutes including non-government organizations (NGO's), specialized and commercial MFI's and Microfinance Banks (hereafter, MFBs) to enter into this arena (Yusuf et al., 2013). These microfinance providers initially adopted joint lending methodology like Grameen model; however, over the time they have also started using individual lending methods. NGOs, in particular, were designed to work on social objectives by focusing on female inclusion. The establishment of Microfinance Institutions Ordinance 2001 was a part of instituting a vibrant and well-built microfinance sector in Pakistan. The central bank of the state, State Bank of Pakistan, is a regulatory body for microfinance sector.

In order to assess and monitor the microfinance sector in Pakistan another organization named 'Pakistan Microfinance Network (hereafter, PMN)' was established to report its performance on monthly, quarterly and yearly basis (Pakistan Microfinance Network, 2006). PMN is an association of retail microfinance providers, the purpose of which is to promote financial services across the region and enhance growth of microfinance sector in terms of quality, diversity, and sustainability (Mahmood, 2011). Majority of the MFIs, MFBs and NGOs report their performance frequently to PMN. According to Pakistan Microfinance Network (2013), microfinance banks are the banks to which SBP provides licensing and prudential regulations

to offer services exclusive for microfinance market. On the other hand, MFIs are the institutions, which are specialized in providing microfinance services and RSPs are rural support programmes that are running microfinance operations as part of a multidimensional rural development program. These microfinance providers (hereafter, MFPs) are working cooperatively with each other to increase the outreach of the sector that is critical to the success of microfinance sector in Pakistan over the last few years (PMN & BR, 2013). Although, owing to the structure of microfinance sector in Pakistan the exact number of microfinance providers is difficult to find, the major MFPs are shown in the following table 2-8.

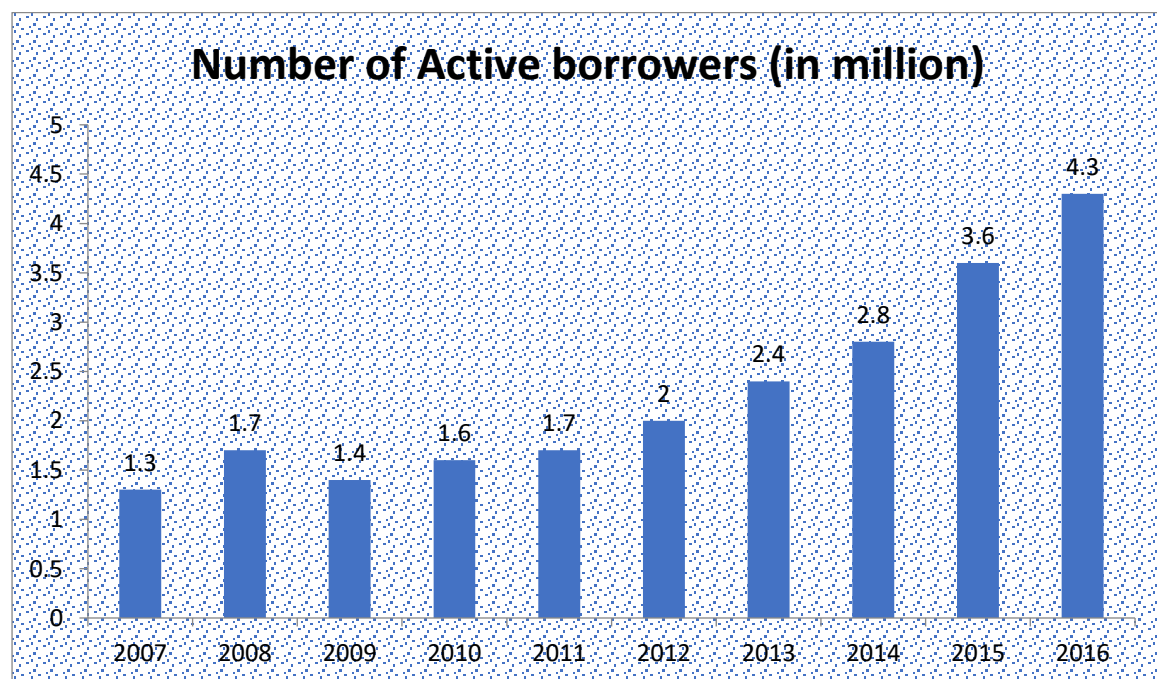
Table 2-8 Microfinance Providers in Pakistan

MFBs	MFI s	RSPs	Other MFPs
<ol style="list-style-type: none"> 1. Kashf Microfinance Bank Ltd. (KMFB) 2. Khush-Hali Bank Ltd. (KBL) 3. Apna Microfinance Bank Ltd. (AMFB) 4. Pak Oman Microfinance Bank (POMFB) 5. Rozgar Microfinance Banks Ltd. (RMFB) 6. Tameer Microfinance Bank Ltd. (TMFB) 7. NRSP Microfinance Bank, and 8. The First Microfinance Bank Ltd. (FMFB) 	<ol style="list-style-type: none"> 1) Akhuwat 2) ASA Pakistan 3) Asasah 4) Wasil Foundation 5) Community Support Concern 6) Development Action for Mobilization and Emancipation (DAMEN) 7) Kashf Foundation 8) Orangi Charitable Trust (OCT) 9) Sindh Agricultural and Forestry Workers Co-operative Organization (SAFWCO) 	<ol style="list-style-type: none"> 1. Punjab Rural Development Programme (PRSP) 2. National Rural Support Programme (NRSP) 3. Sindh Rural Support Programme (SRSP) 4. KPK/Sarhad Rural Support Programme (SRSP), and 5. Thardeep Rural Development Programme (TRDP) 	<ol style="list-style-type: none"> 1) BRAC-Pakistan 2) Jinnah Welfare Society 3) ORIX Leasing Pakistan Society Ltd. (OLP) 4) Rural Community Development Society (RCDS) 5) Sungi Development Foundation 6) Ghazi Barotha Traqiati Idara (GBTI) 7) Farmers Friend Organization, and 8) The Punjab Provincial Cooperative Bank Ltd. (PPCBL)

Source: Pakistan Microfinance Network (2002-2016)

Despite of the state’s enthusiastic efforts to promote this sector, microfinance industry is not performing satisfactorily. The market potential of microfinance in Pakistan is estimated to be more than 27 million; however, this estimation is based on the old methodologies adopted by Pakistan Microfinance Network (Pakistan Microfinance Network, 2006, 2015). Within the last decade (2006-2016), the performance of microfinance industry in Pakistan is shown in terms of outreach and GLP in the figure 2-7 and 2-8. The number of the active borrowers has increased from 1.3 million in 2007 to 4.3 million in 2016. The figure shows that active borrowers decreased from 1.7 million in 2008 to 1.4 million in 2009. This fall was associated with the aftershocks of the financial crisis of 2007 and 2008 which resulted in economic downfall almost all over the world (Pakistan Microfinance Network, 2008). Afterwards, the number of active borrowers tended to increase gradually from the year 2009 to the year 2016.

Figure 2-7 Active borrowers of MFPs in Pakistan (2007-2016)

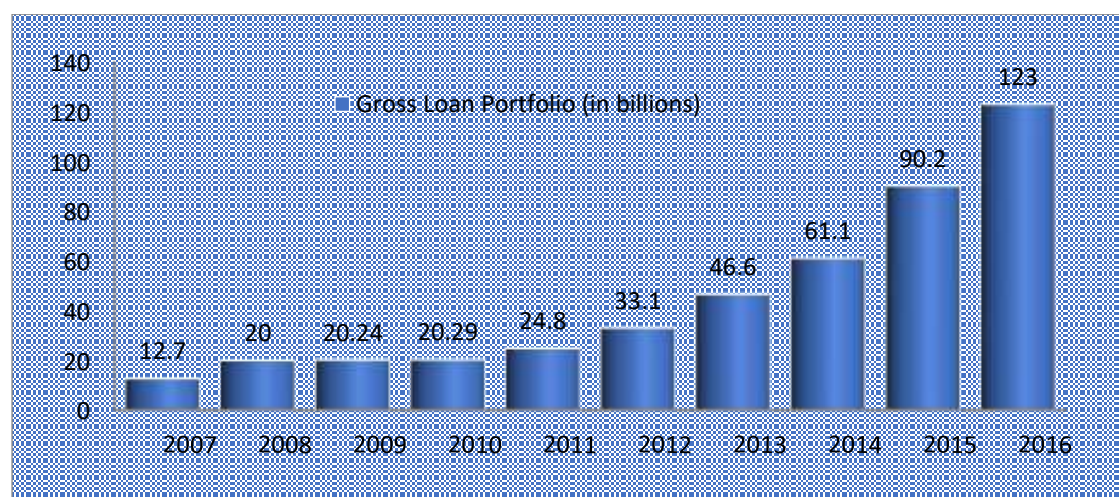


Source: Pakistan Microfinance Network & Microwatch (2007-2016)

Although, the active borrowers increased from 1.4 million in 2009 to 1.6 million in 2010, it was still far behind the target set for the year 2010 of reaching 3 million borrowers (Rauf &

Mahmood, 2009). Number of active borrowers, then, increased at a moderate rate until the last quarter of 2016 with a highest mark of 4.3 million. The set target for the year 2015 was 10 million (Rauf & Mahmood, 2009); whereas, the realised outreach was again significantly less than the target set of reaching 10 million borrowers by the year 2015 as evident from the figure 2-7. On the other hand, GLP has significantly increased from PKR²⁷ 12.7 billion in 2007 to PKR 123 billion in 2016. The growth of microfinance sector in the years 2012-16 is linked with the introduction of National Financial Inclusion Strategy (hereafter, NFIS) and regulatory framework for Non-Bank Microfinance Institutions (hereafter, NBMFIs) by the Security and Exchange Commission of Pakistan (hereafter, SECP) (Pakistan Microfinance Network, 2015). According to annual review report of Pakistan Microfinance Network (2015), the introduction of this regulatory framework for NBMFIs will help these institutions to scale-up their businesses that will improve overall industry's performance eventually.

Figure 2-8 Gross Loan portfolio (2007-2016)



Source: Pakistan Microfinance Network & Microwatch (2007-2016)

²⁷ PKR implies Pakistan currency Rupee

2.8 Analytical framework for examining the empowering impact of IFMIs

Having established in the preceding sections the theoretical and conceptual scaffolding of interest-based and interest free MFIs as well as women empowerment, this section explains the framework for examining the process of participation in IFMPs and the outcomes of this process. It presents, capability approach, as an idea to study the phenomenon with a perspective outside the traditional field of study, or that integrates different approaches, lines of investigation, or theories that no one had previously connected. It is not just based on the descriptive view of the existing theoretical and empirical literature on microfinance and women empowerment; in fact, it is informed by identifying what problems there have been with the previous studies (context-specificity and pre-established list of empowerment indicators), what is missing in the existing views (true picture of empowerment), and how this study (examining empowerment within a specific context) will make an original contribution (by taking empowerment beyond actual achievements) to the field of knowledge.

Capability approach, which has extensively been used in the development literature across many disciplines including welfare economics, social policies and political philosophy, is a multidimensional “framework for the evaluation and assessment of individual well-being and social arrangements, the designs of policies and proposals about social change in society” (Robeyns, 2005, p. 94). It can be used to evaluate many aspects of individual’s well-being including poverty and women empowerment. According to Robeyns (2005, p. 94), “capability approach is not a theory in itself that can explain a phenomenon (in this study women empowerment); it rather provides a tool and a framework within which to evaluate the phenomenon (the outcomes of the process of women empowerment)”. In this study, it has been employed as a framework to examine empowerment of women resulting from participating in

IFMIs without imposing researcher's own impressions of what empowerment should be. It is typically used in quantitative studies to evaluate the outcomes of various development projects; however, Amartya Sen who developed capability approach, argued that it is a multidimensional framework that can be extended by researchers and practitioners in accordance with the scope and context of their studies or projects (Sen, 1990, 1993). Therefore, within this study, it is used to explore women borrowers' perceptions on what empowerment means in their respective lives and their experiences of participation in IFMPs offered by Akhuwat in the context of Pakpattan district of Pakistan to achieve the objectives of this study.

Capability approach can be used to study gender relations to capture empowerment even at interpersonal, organisational and community level, which is a potential limitation of Kabeer's empowerment theory. Kabeer's approach focuses on achievements, whereby she assumes that if by exercising agency women have made certain decisions by themselves, they have achieved empowerment; whereas, capability approach goes beyond this by arguing that empowerment must not be seen only in terms of what have been achieved rather it must reflect what women are capable of achieving by focusing on freedom of choices and options (Sen, 1999). Based on these arguments, the researcher believes that capability approach is an appropriate framework to examine the empowerment process within the context of this study. It has further been discussed in detail in the next sections.

2.8.1 Relevance of capability approach to women empowerment

The development of capability approach is associated with the discourse in the gender and development (hereafter, GAD) paradigm. In general, the focus of GAD theorists was on structures and dynamics of gender relations that contribute in shaping the traditional roles of women in the societies. The theorists within this paradigm underlined the 'value systems' which resulted in division of labour among women and men, disparately organised, and

highlight the ‘socially constructed’ nature of ‘gender and gender relations’ (Moser, 2012). By developing an understanding of the underlying processes through which negotiation and re-negotiation occurs between gender relations, and of the resulting social formations, a great deal can be achieved in explaining the structure of social relationships to explore development processes such as women empowerment (Mazei et al., 2015). The GAD analysis not only takes into account varying roles of men and women but also consider the circumstances in which these roles are defined. It facilitates moving away from traditional gulfs of urban/rural, formal/informal, public/private, and production/reproduction (Rowlands, 1995). GAD approach to development calls for including all aspects of gender lives within the realm of ‘concerning issues’ such as gender physical situation, gender intra-household relations, their health, sexuality, educational background, skill-sets, sources of income for livelihood, and so on (Moser, 1993). It assumes that traces of inequalities among gender can be found in all aspects of women lives (Nussbaum, 2000). It particularly emphasised on highlighting the power relations that exist between genders in most societies and instructs the causes of women subordination. It further facilitates in critical examination of the supposedly ‘neutral institutions’ (Kabeer, 1994) and manifestation of male bias (Elson, 1993) in the process of development.

The notion of empowering women has increasingly been a part of the GAD discourse over the past few decades. The empowerment approach was further strengthened by theoretical advancements which facilitated drawing a distinction between women’s ‘practical’ and ‘strategic’ interests (Molyneux, 1985). These practical and strategic needs are that which she aspires to challenge the existing gendered hierarchies and mechanisms in the societies that cause women subordination (Alsop, 1993). This marking between ‘strategic’ and ‘practical’ needs of women has further provided the ground for dealing with gender development theoretically. The notion of women empowerment is not just an outcome of ‘theoretical

debates' but has come out of women's exposure to practice at the grass-root level in different countries (Batliwala, 2007; Bisnath, 2001). The idea of empowerment has been widely discussed and employed in south Asian countries (Kabeer, 1994) and Philippines (Parpart et al., 2000) within the circle of 'development practitioners' and 'grass-root activists' in their quest of finding effective means of 'supporting and enabling' women to make changes in their lives (Batliwala, 2007).

Within the GAD domain, Basic Needs Approach (hereafter BNA) and capability approach are the fundamental theoretical contributions. BNA theorists criticised the focus of development on income and growth and posited that 'increase in income' is not a wise (or absolute) solution to eradicate poverty (Clark, 2005; Hicks & Streeten, 1979; Streeten, 1984). BNA approach mainly focused on meeting basic human needs²⁸ in addition to on-going delivery of growth and improved income (Hicks, 1979). It insisted that development should involve participatory approach where basic human rights are included as a medium of accomplishing other goals than just only ends in themselves (Streeten, 1984). BNA could be seen as directly hitting poverty than other approaches focusing on income growth and 'productiveness of the poor'. The supporters of BNA essentially believed that, as mentioned by Hicks (1979, p. 985), "the provision of essential goods and services will be a more efficient and more rapid way of eliminating poverty - which can be achieved by shifting focus from output maximization to poverty minimization." The critics, however, established the argument that adopting BNA will end up in devastating the poor by increasing their consumption level at the cost of reducing net level of investment and savings in the economy (Hicks & Streeten, 1979). They further pointed finger at BNA for ignoring women practical experiences (such as workplace and work situations) and overlooking the gender ideology of different power relations in families

²⁸ Includes both physical needs such as enough food, as well as the needs for participation, empowerment and community life

(Streeten, 1984). In other words, the emphasis of BNA was on ‘feminisation of poverty’ whereas ignoring ‘feminisation of gender inequalities’ that could potentially lead more women into poverty (Streeten, 1984).

On the contrary, in developing capability approach, Amartya Sen and Martha Nussbaum moved beyond BNA by incorporating human capabilities as a development focus (Clark, 2005; Oosterlaken, 2009). They also provided a detailed account on the required rights to develop these human capabilities. They challenged the traditional²⁹women’s rights and stressed on including legal, political, and human rights in order to maximise labour-based rights (Nussbaum & Sen, 1993; Sen, 1993). Nussbaum (2000, p. 1) stated that, “Women in much of the world lack support for fundamental functions of a human life. They are less well-nourished than men, less healthy, and more vulnerable to physical violence and sexual abuse. They face greater obstacles, including intimidation from family or spouse, sex discrimination in hiring, and sexual harassment in the work-place.” They should have freedom of rights, freedom to choose their life-partner, freedom to make decisions about having children, freedom to express their opinion in decisions that concern themselves, their children, their family, and societal relations. Sen argues that freedoms are both means of development and an end of development (Sen, 2001, 2005). Capability approach addressed the problems with BNA and focused on delivering the development programmes by taking into account the gender relations within households (Nussbaum & Sen, 1993; Nussbaum, 2000). Capability approach assumed that existing patriarchal structures lead towards women sufferings within homes as well as in the public spheres. Nussbaum (2000) argued that because of the gendered position of women in the international world, the political and economic thinking should be more feminist. According to assumptions of capability approach, it will be more challenging to tackle issues

²⁹ Culture-based acceptance of women’s rights

of global poverty and achieving development without paying attention to the problems women face (Nussbaum, 2000). It requires focusing on human capabilities, realising what people are actually able to do and these capabilities in question should be pursued for everyone, treating each person as an end and not as a tool for the end of others (Nussbaum, 2000; Nussbaum & Sen, 1993; Sen, 1990).

2.8.2 Capability Approach

The capability approach, which is developed by Amartya Sen, has been used in this study as an analytical framework to examine the empowerment of women resulting from participation in IFMIs in Pakistan. Capability approach is the most influential work in the human development literature; in fact, human development approach is largely based on the writings of Amartya Sen's capability approach. The major argument put forward by Sen implies that real freedom lies in the opportunity to choose how to live, and to be able to use the capacities one has (Sen, 2001). From this perspective, women who cannot make use of their capabilities (to affect decisions and outcomes) are regarded as unfree. Sen argues that development policies (including policies applicable in microfinance sector) should aim at creating real freedom by recognising freedom both as an objective and primary means of development (Sen, 1990, 2001). Sen conceived that the focus on outcome of what is measured is a major problem, for example, when the focus on income or resource accumulation is increasingly used as a measure of development (as generally employed in most microfinance impact assessment studies). In contrast, Sen postulated to focus on 'choices people can make' and 'their access to good opportunities' as primary measures in evaluating the development projects as focus on primary goods or any other specific or narrow area³⁰ could be illusive. Sen noted, "if the objective is to

³⁰ For example, growth of gross national product (GNP), or increase in income, industrialization, or technological advancements, or social modernization

concentrate on the individual's real opportunity to pursue her objectives, then account would have to be taken not only for the primary goods the persons respectively hold, but also of the relevant personal characteristics that govern the conversion of primary goods into the person's ability to promote her ends" (Sen, 1999, p. 154, Cited in Marinker, 2006).

This implies a substantive focus of capability approach on real freedoms – the capabilities – to choose a life with a (positive and constructive) reason to value. In view of capability approach, women's disempowerment could be seen as a deprivation of basic capabilities rather than just a matter of income. Therefore, employing capability approach takes a grass-root perspective in examining women empowerment, which means even a rich woman, with plenty of financial resources, may be deprived of empowerment (freedom); for instance, she may not be able to speak freely or participate in public debates and decisions. By this it means that she is deprived of something valuable to her or of something she has reason to value. Therefore, when we link this argument with empowerment process, capability approach assumes that for empowerment to take place, removal of women's deprivations must take place. So, capability approach when applied in the present study, the focus has been on the improved freedom to be capable of doing what women like; and needs that may have been emerged. The focus has been on perceptions of women on empowerment (based on their lived experiences) to understand how participation in IFMIs has enabled them to tackle their deprivations rather than researchers' own perceptions of women empowerment or assessing empowerment against pre-defined criteria. It was critical for using capability approach to examine the empowerment process within the context and scope of this study. The capability approach has three core elements: functioning, capabilities and agency. Freedom is another important element of capability approach that has been observed in Sen's writings as well as in literature on capability approach. However, Sen has explicitly used freedom in connection to capabilities and choices to achieve functionings.

2.8.2.1 Functionings and Capabilities

The first one is *functionings* (Sen, 1985), where Sen explained functionings as actual achievements. However, later Sen redefined it as ‘being or doing what people value and have reason to value’, for example, being capable of taking part in community activities, being happy or having self-respect (Sen, 1992). At another point, Sen explained that “functioning is an achievement or the desire to achieve something (for example a goal) and a capability refers to the ability of a person to achieve a functioning” (Sen, 1987, p. 45). In this view, functionings mean the collection of ‘beings’ and doings’ a woman actually achieves as a result of participation in microfinance programmes such as she has made certain decisions about household purchases or education of her children. A woman’s capability/capabilities, on the other hand, means the alternative set of functionings that are possible for a woman to achieve such as she has not made any decisions but she is capable to make decisions. It means capabilities actually reflect women’s real opportunities or positive freedoms of choice between possible lifestyles (Clark, 2005; Sen, 1985). However, Clark (2005, p. 1343) argued that Sen essentially meant by this freedom to have an “intrinsic value if objects such as ‘acting freely’ and ‘being able to choose’ are important features of a good life”.

This freedom could be a collection of functionings and/or capabilities as both are interrelated. For instance, a woman (A) may be characterised by having an ability to make important decisions within the household but intend to let her husband make those decisions (as long as she believes that husband will make rational decisions), in such a case she cannot be regarded as not having a capability (empowered to make decisions) unlike a woman (B) who wants to make decisions but cannot because of not having ability to do so. It means capabilities, within this context, are assessed in terms of freedoms to make choices with a reason to value. In such a situation, the present researcher argues that the traditional research methods would be helpless to capture empowerment of woman (A) unless the perceptions of woman (A) are

examined for not making the decisions. In absence of such examination, traditional research methods will show that both women (A) and women (B) are not empowered. This reasoning is the core of the capability approach, whereby empowerment can be seen in terms of ‘what people are effectively able to do and be’ (Alkire, 2005). In examining the process of women empowerment, the functionings imply the realised aspects of women’s lives; whereas, the capabilities describe the effectively realisable functionings (opportunities that exist realistically) for these women. Hence, capabilities are actually the freedoms to enjoy various functionings (Alkire & Deneulin, 2009).

However, it is pertinent to make a distinction between capabilities in broader sense (found in earlier writings of Sen) and capabilities in basic sense (found in later writings of Sen, although, not explicitly described) as highlighted earlier in this section. The capabilities in basic sense are concerned with freedom to possess some basic things that are necessary for survival and to avoid or escape poverty, within this study freedom necessary to avoid disempowerment to which Nussbaum (1997, 2001) referred as potential functionings. Nussbaum (1997) has made three categories of capabilities that include: basic or innate capabilities as described above, internal capabilities that describe a state of a person to exercise a particular functioning if the circumstances and constraints allow this exercise (Robeyns, 2005), and combined capabilities that mean “internal capabilities combined with suitable external conditions (such as provisions from IFMIs) for the exercise of the function (1997, p. 290)”. However, it is observed from Robeyns (2005) as well as Nussbaum (1997) that improving combined capabilities should be the prime focus of empowerment programmes. The present study is more concerned with the potential functionings since the broader view of capability analysis is more relevant to the developed countries’ context where the focus on surviving capabilities would be less important (Robeyns, 2005). However, Nussbaum view of internal and combined capabilities is also taken

into consideration since the role of external conditions (in this particular case the provisions made by IFMIs) cannot be just ignored.

This distinction is further explained by looking deeper into what Sen meant by freedom in his writings. Sen (1993) argued that freedom have many distinct aspects; however, it has at least two valuable aspects. The first one is ‘opportunity aspect’, which implies freedom provides more opportunities to people to pursue things they value and the second aspect ‘process’ means freedom is a ‘process of autonomous change’ that means having the levers of control in one’s own hands regardless of increase or decrease in actual opportunities of achieving one’s objectives (Sen, 1993). Both of these aspects are equally important to get insights of the concept of freedom in examining women empowerment. It implies freedom provides opportunity to women to live the life they want and take steps towards what they want. On the other hand, the second aspect deals with processes through which things happen (Sen, 1993) such as by participation in microfinance programmes.

Amartya Sen has also described two types of freedoms. The first ‘constitutive freedom’, which is more relevant to the developing countries context (Cabraal, 2010), concerns with the primary ends of the chain of development process, which outlines the factors such as actual outcomes (Becchetti & Conzo, 2013; Sen, 2001). The second type ‘instrumental freedom’, which is more relevant to the developed countries’ context (Cabraal, 2010), in contrast, is concerned with the ‘principal means of development’, which outlines the features of freedom that are complementary to each other and where development of one interrelates with development of others (Sen, 2001). Based on the later argument, Becchetti and Conzo (2013) posited that microfinance programmes fall within the category of instrumental freedom by providing principal means of development such as access to a pool of resources. Although, microfinance credit programmes in Pakistan mainly fall under the category of ‘constitutive freedom’, the instrumental freedom has been examined by looking into circumstances, whereby; for instance,

freedom from hunger (by getting access to a pool of resources) interrelates with freedom from violence.

2.8.2.2 Agency aspect of capability approach

Another pillar of capability approach is known as '*agency*'. According to Sen (2001), the term '*agent*' refers to 'someone who acts and brings about change'. In this sense, if capabilities are characterised by women's freedoms to enjoy various functionings, then agency is characterised by women's abilities to pursue and realise such functionings. Therefore, women's agency is accountable for making choices between various functionings and capabilities (potential functionings), which is called by Sen 'human agency'; Kabeer (1999a) named it 'power within' and Alkire and Deneulin (2009, p. 8) defined it as "the ability to pursue goals that one values and has reason to value". Based on this discussion, it can be concluded that agency means motivations and inspirations of women to bring about change by utilising effectively the available resources be it financial, human or social.

Up to this point in the discussion on agency Naila Kabeer and Amartya Sen agree. However, Sen made a distinction by distinguishing well-being from agency goals (Robeyns, 2005, p. 102) and the likelihood of bringing down the view of well-being to the standard of living, whereby the standard of living implies "personal well-being related to one's own life", which is more often expressed in the existing microfinance literature as the possession of resources in women's hands or the decisions made by women themselves. However, Sen (1987) argued that personal well-being may not be the only concern for a person if s/he has some other objectives and goals. For instance, a woman may have been able to feed herself better after accessing credit from microfinance but she rather decides to reserve this money for her daughter's marriage. In this case, personal well-being of this woman is achieved through family well-

being. It can be elaborated by delineating it either by achieved outcome (family well-being) or freedom to achieve this outcome regardless of choosing to achieve it or not.

2.8.3 Martha Nussbaum's contributions and criticism

Martha Nussbaum has also made extensive contributions in the capability approach along with some others including Alkire (2005), Alsop et al. (2006), Clark, (2005), Oosterlaken (2009), and Robeyns (2005) to name a few. Although, few distinctions have already been discussed above between Nussbaum thinking and Sen's approach to define and explain capability approach, the major difference between the two (as well as the major criticism from the literature on Sen's capability approach) is found to be the disagreement on making a concrete list of capabilities. Nussbaum (2000) argues that in absence of such a list it would be difficult for researchers and practitioners to utilise capability approach to its full potential. Whereas, Sen responded to this by opining that a relevant list of capabilities is a subject to both purpose and context in which the capabilities have to be examined or assessed and hence should not be decided by the theorists (Sen, 2005). He argued that proposing a list of capabilities is not a problem, yet proposing a pre-defined list is a major problem; therefore, Sen left space for researchers and practitioners to include relevant capabilities emerging from the context of the study or practice (Alkire, 2005; Clark, 2005; Robeyns, 2005).

On the other hand, Nussbaum proposed a list of capabilities in her book titled 'Women and Human Development' and suggested fellow researchers and theorists to make improvements into it, although, it is still being used as a version presented in her article of 1997 titled 'Capabilities and human beings'. Nussbaum (1997) based her list of capabilities on what constitutes human dignity (rather than freedoms) and basic elements of human life. The list of capabilities offered by Nussbaum (1997) included a set of 10 capabilities that includes: (1) life, (2) bodily health, (3) bodily integrity, (4) senses, imaginations and thoughts, (5) emotions, (6)

practical reason, (7) affiliation, (8) other species, (9) play and (10) control over one's environment. However, Nussbaum's work has received a huge criticism from other theorists including Alkire (2005) and Okin (2003) to name a few. Major criticism is linked with her concrete list of capabilities because there has been no change in her list of capabilities ever since she presented this list, although, she initially claimed that it is a tentative list that needed concern from other theorists. Nussbaum presented her list of capabilities as an evaluative criterion for assessing the outcomes of development programmes; however, she argues that the list of capabilities is composed of basic elements (Nussbaum, 1997) therefore outcomes of such programmes must meet all criterion defined in her list of capabilities.

However, Sen argues that the individuals in question are supposed to draw a list of capabilities rather than the theorists or researchers since it is individuals in question who can actually draw a distinction between a functioning and a capability with a reason to value. He further argued that drawing a list might become 'the only route' for assessment and evaluation hindering the possibilities of including potentially important set of capabilities (based on what should be included and why) that might not come within the realm of pre-defined list of capabilities (Clark, 2005; Sen, 2005). Although, Sen has received huge criticism for being vague and open-ended in describing his capability approach, Clark (2005) argued that it is rather the strength of Sen's capability approach since it meant for researchers and practitioners to adopt and modify capability approach in accordance with the context and specific purpose. Similarly, Alkire (2005) argued that it is left incomplete intentionally because it has to be operationalised differently in different context. Therefore, the present researcher has decided to adhere to Sen's stance of not using a pre-defined list of empowerment indicators or capabilities or functionings since the main purpose of this study is to understand women borrowers' perceptions on empowerment to make a distinction between functionings (achievements) and potential functionings (capabilities) in conceptualising the influence of participation in IFMPs on

women empowerment. However, Nussbaum's categorisation of capabilities (basic, internal and combined) and avoiding the distinction made by Sen between well-being and agency goals better suited the scope of this study, which is based on an argument put forward by Nussbaum (2000, p. 14), whereby she stated that "all the important distinctions can be captured as aspects of the capability/functioning distinction".

In light of the above discussion, capability approach implies that it is important to understand and identify various functionings and capabilities as well as the things women value³¹ (Sen, 1999) within the empowerment process initiated by participation of women in IFMIs, since both functioning and capabilities constitute empowerment within a specific context. Alkire and Deneulin (2009, p. 15) substantiated this argument by maintaining that "the process of maximising resources may have social and environmental costs – changes in culture and lifestyles – which people have good reason to reject". The integrity of the capability approach is maintained in this study by taking women's perceptions into account in examining the empowerment process than employing pre-established list of empowerment indicators. Therefore, this study is concerned with examining empowerment against women's perceived empowerment than assessing it against expected outcome of participation in IFMPs that is hoped for by the relevant IFMIs.

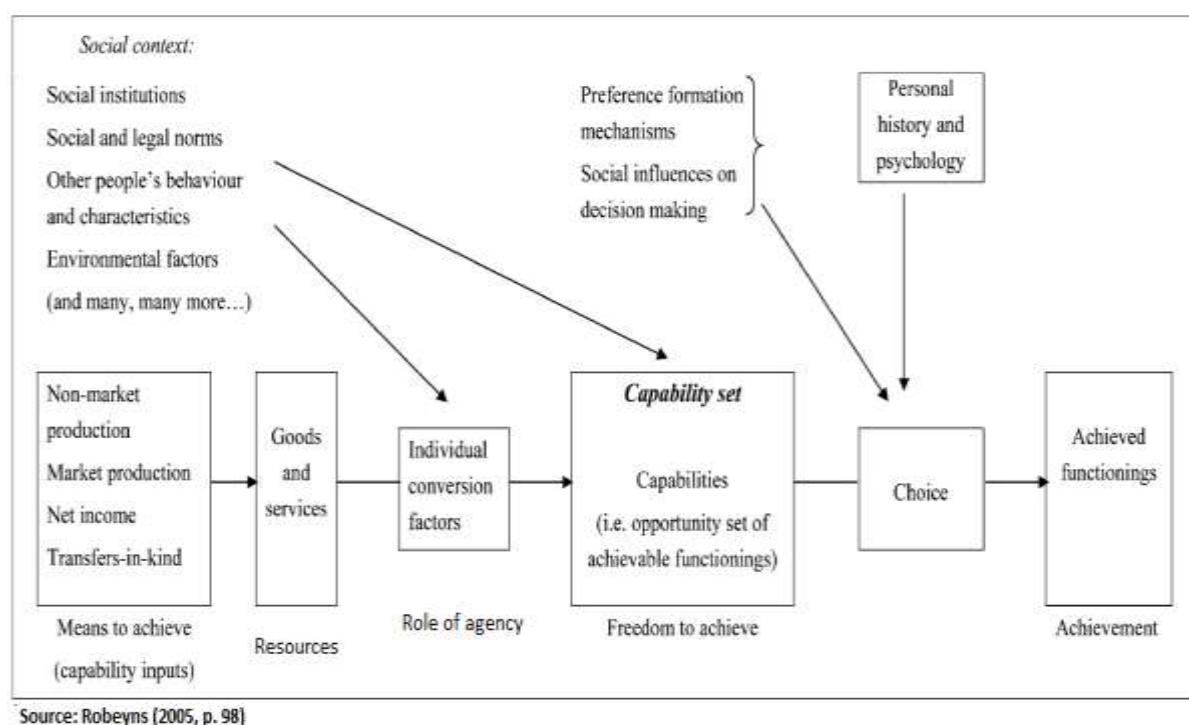
2.8.4 Resources in capability approach

Although, Sen has not explicitly mentioned resources in his writings on capability approach, Robeyns (2005) maintained that it does not mean that resources (including financial, social, and human) and other contributing factors (role of state or governmental organisations and other institutions such as microfinance) will be ignored in employing capability approach. It is

³¹ 'Things women value' must be taken in a positive sense, whereby no harm is intended to the women themselves or others around women, which is called by Amartya Sen as positive freedom.

found in Sen's earlier versions of capability approach that resources are means of achieving functionings be it poverty alleviation or empowering women; however, Sen has intentionally focused on capabilities in using capability approach as an evaluative framework (Sen, 1993, 2001, 2005). It can be traced further in the work of authors who has contributed in debates on Sen's capability approach including Alkire (2005), Alkire and Deneulin (2009), Clark (2005), and Robeyns (2005) to name a few. In fact, capability approach recognises the impact/role of various resources at all stages of capability analysis, which is illustrated below with the help of figure 2-9.

Figure 2-9 Capability Analysis



The above figure has showed a broad picture of the capability approach analysis; however, the present study is concerned with examining the empowerment process within the context of IFMIs, whereby the input resources (means to achieve) are limited to financial (financial products and services), human (training, education, skills, information etcetera) and social resources (platform to build social networks, social relations, and trust with other group or non-

group members of IFMIs). Nonetheless, the outcomes of this empowerment process as well as the actions taken by women (exercising agency) are further affected by women's personal, cultural, institutional and environmental factors; however, these are the external factors in the empowerment process within the context of present study. The relationship between outcomes (functionings) and resources (input factors) to achieve certain beings and doings is affected by three groups of conversion factors (Robeyns, 2005).

The first group: personal conversion factors (human resources such as metabolism, physical conditions, knowledge, experience, motivation, sex, reading or writing skills, intelligence etcetera possessed by women independently) are important to determine how women utilise the resources provided by IFMIs to achieve (empowerment) a functioning or a capability/freedom (Robeyns, 2005). For instance, if women have no personal motivation for being independent then participation in IFMPs would be of limited help to enable the functioning of empowerment. The second group: social conversion factors (such as power relations, gender roles, social norms, social hierarchies, discriminating practices, or public policies etcetera) and third group: environmental conversion factors (such as roads and geographical locations) are important to determine how achieved individual functioning and/or a capability are affected by the characteristics of these factors (Robeyns, 2005). For instance, there are no schools in a particular village, not even the transportation structure to access nearby villages or cities for children education, then access to credit through IFMIs would be of less or no help in enabling the women's functioning of child education. In such a case women's priorities will automatically shift from achieving this functioning to some other functioning that can only be captured in understanding women borrowers' perceptions and their experiences.

Moreover, there are certain cultural and institutional factors that affect women empowerment; however, most of these are beyond the control of women and even IFMIs: such as having no

schools in a particular village. Owing to this, Robeyns (2005, p. 99) argued that a mere fact of knowing a person, resources he possesses, abilities he/she has to utilise these resources; however, would be insufficient to capture what functioning he/she can actually achieve, “therefore we need to know much more about the person and the circumstances in which he/she is living”. It is also reflected in writings of both Sen (1990) and Nussbaum (2000), whereby they have suggested paying more attention to the traditions and social norms that shape women’s effective choices (influenced by women’s motivations and preferences) and to the social and economic circumstances to understand if certain functionings and capabilities are achievable or not. It substantiates the major argument of this study of examining empowerment within a specific-context from women borrowers’ perspective.

Delineating from women accounts, such unworkable functionings and capabilities can be detached by categorising under internal capabilities, whereby Nussbaum (1997) argued that women will only achieve this functioning if the circumstances and constraints allow this exercise. In the present study, the focus has largely been on the direct contributing resources (internal factors or means of empowerment) than on the external resources (cultural, institutional, and environmental factors) assuming that taking women perceptions into account would help in minimising the bias resulting from external factors. It was premised that women empowerment (perceptions based on lived experiences) is shaped by the surrounding legal, social, political, cultural and institutional factors; therefore, preference has been given to women perceptions than directly looking into how these factors affect the outcomes. Amartya Sen referred to this as adapted preferences of women in his writings (Sen, 1984, 1989) and Pierre Bourdieu named it internalised effects of the culture in writing the forms of capital (Bourdieu, 1985). Although, both of these terms have been used in a negative sense since both Sen and Bourdieu conceived these as constraints in achieving objectives of poverty alleviation and empowerment, the present researcher does not totally agree with both unless it has been

established that such internalised effects and adaptive preferences are tested against moral grounds and human dignity. For instance, in the empowerment literature as discussed earlier, decision-making ability is the most important dimension of women empowerment and where women have not showed such decision-making, researchers have concluded that women have not been empowered (Yogendrarajah, 2013). However, if a woman prefers (due to her religious or moral duty or based on trust) her husband to make all important decisions (as long as the husband makes decision in the best interests of his family), then the phenomenon of adapted preference or internalised effect, as conceptualised by Sen and Bourdieu, would be of least significance. However, it is beyond the scope of this study to go deeper into this discussion since it is debatable which social norms, cultural and religious values are right or wrong.

It has been observed from Sen's writings that he has consistently used the term resources than using terminologies such as financial assets or capital, social capital or human capital or even capital portfolios; therefore, in order to maintain the integrity of capability approach, the researcher has adhered to Sen's stance of using the term resources. In the capability framework of this study, resources are the means (inputs of capability) that can be converted into functionings and capabilities (achievements or outcomes) by utilising women's agency or conversion factors. The resource-portfolio consists of direct input resources described as 'pool of resources', which include financial resources, human resources and social resources.

The financial resources replace the term 'financial capital' and include cash, credit, savings, and insurance, in money or kind. Within the array of these microfinance services, the most popular services provided by MFIs, are microcredit and micro-savings. Microcredit means extending small-scale loans, often called microloans, to the impoverished women borrowers, who lack physical collateral, or are unemployed, or have poor or unverifiable credit history (Abbas et al., 2005; Chowdhury et al., 2005). On the other hand, micro-savings are the facilities provided by MFIs to give their borrowers opportunities to save with them (Van Rooyen et al.,

2012; Weiss & Montgomery, 2005) and can only be utilized in case of emergencies or according to the agreed terms. Generally, micro-loans are only issued in conjunction with saving facilities. In this way, these institutions not only encourage poor borrowers to save but also create an account of collateral that can be used in case of default. The main purpose of establishing these facilities in developing countries is to combat poverty and empower females assuming that lack of finance is the major impediment in the way of thrashing poverty and empowering women. Moreover, women particularly in developing countries lack financial capabilities to utilise resources in their best interests.

Sherraden and Grinstein-Weiss (2015) argued that being financially capable is the root to achieve financial security of the people and building financial capabilities of vulnerable people is the major challenge of social work. Financial capability is characterised by both ability and opportunity, which implies that if women are financially capable they are highly likely to use the resources in achieving functioning of financial security (Birkenmaier & Sherraden, 2013; Sherraden, 2013). Sherraden (2013) proposed that for being financially capable people must have access to financial products and services, at least to credit and savings. Sherraden writings on financial capabilities (ability and opportunity) are informed by the capability approach of both Amartya Sen and Martha Nussbaum, since both are concerned with people's abilities and available opportunities. Nussbaum (2000) has taken into account both internal capabilities (skills knowledge, etc.) and external conditions (such as opportunities to access to products, services and institutions) in framing combined capabilities as discussed earlier. Therefore, in order to make women financially secure (an imperative condition for being empowered) efforts needs to be taken to alter their behaviours as well as increasing their opportunities to access financial services (Sherraden et al., 2015). Sherraden has exclusively focused on improving financial literacy and financial skills in order to achieve financial capabilities (Sherraden, 2013, Sherraden et al., 2015).

Although, it is inconclusive that microfinance empower women or not, MFIs are, at any rate, working on the assumptions of financial capability theory by providing poor women access to financial services (at least credit and savings) as well as opportunities to set up their microbusinesses (giving training and education). Theory of economic empowerment also focuses on financial capabilities of women (Lord & Hutchison, 1993) and assumes that economic empowerment is a stepping-stone towards achieving empowerment against other dimensions such as political and social. In examining women empowerment, the focus of the present researcher was on looking into what kind of financial resources women access from IFMIs and how accessing these financial resources enabled these women to achieve financial capabilities.

The second important capability input is access to human resources (substitute of the term human capital); however, human resources here mean women's access to training facilities, educational and informational services and knowledge-building sessions provided by MFIs. In general, human resources are characterized by the skills, knowledge, and experience possessed by an individual or population, viewed in terms of their value or cost to an organization or country (Lin, 2017). The popularity of the term 'human capital' is widely attributed to the work of Gary Becker³², and Jacob Mincer³³, who set the empirical foundations for the human capital theory. However, Smith (1776, cited in Goldin, 2016, p. 1) associates the idea of human capital to Adam Smith and writes that, "Adam Smith, in his 4th definition of capital noted that 'the acquisition of – talents during – education, study, or apprenticeship, costs a real expense, which is capital in [a] person. Those talents [are] part of his fortune [and] likewise that of society'."

It is not the focus of this study to trace the origins of human capital theory; therefore, the present

³² An economist from the University of Chicago, USA

³³ Professor at Columbia University

researcher has simply referred to the dominant literature which acknowledges that human capital is as important as physical capital (Becker, 1962; Coleman, 1988; Schultz, 1961) .

Becker (1962) argued that tangible forms of capital, such as plant or machinery, are not the only type of capital, in fact, knowledge, skills and values possessed by humans is also a type of capital, which cannot be separated from them and we can make investments into human capital just as investments in tangible capital. Becker postulated that investments into education, training, and health are the most important investments in human capital, which can be used to achieve outcomes beyond expectations. The MFIs utilize human resources (personal skills such as knowledge, education, expertise) and enhance it by providing training and education (investment in human resources) to address their objectives of women empowerment (Guntz, 2011; Kodongo & Kendi, 2013). Typically, in order to mitigate the associated risks in lending, first they assess the skills (such as entrepreneur skills) possessed by potential borrowers and then give them sufficient training (boost human resources) to increase the likelihood of successful utilization of these loan in productive activities. It was within the scope of the present study to understand the situated role of these human resources in empowerment process by which women enhance their capabilities of living a meaningful life.

The third component of capability input in the empowerment process is social resources, which replace the term ‘social capital’ in this study. Social resources are embedded in one’s relationships with other people such as family, friends, community, market and state etcetera (Coleman, 1988). Social resources also facilitate productive activity just as physical and human resources do so. It is important to look deeper into the assumptions of social capital theory since it plays a vital role in the empowerment process, particularly within the microfinance context. There is no universal definition³⁴ of social capital as a disagreement has been seen

³⁴ It is important to bear in mind that definitions of concepts, where humans are the subject of the study, vary significantly due to different perceptions and understandings of the researchers as well as the humans- the subjects.

among the scholars and social scientists. The primary reason for this disagreement rests with the attribution of social resources to individuals or groups (Coleman, 1988; Lesser, 2000). The main contributions into the development of social capital theory are credited to Robert Putnam and Pierre Bourdieu: although James Coleman point of view on social capital theory is also very important. However, Putnam's and Bourdieu's work is known as two main schools of thoughts in social capital theory and definitions of both schools vary considerably.

Putnam (1995, p. 2) argues that, "social capital refers, in short, to social connections and attendant norms and trust and who – the individuals, the wider community, or some faction within the community - benefits from these connections, norms, and trust must be determined empirically, not definitionally". However, it is clear from this definition that neither Putnam attributed social capital to individuals or groups nor he stated the nature of the groups. However, Bourdieu has addressed this issue in defining social capital. Bourdieu (1986, p. 51) defined social capital as, "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance or recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectively-owned capital, a credential which entitles them to credit, in the various sense of the world".

Bourdieu suggested, in light of the above definition, that social capital is collective in nature. By that he meant social capital to be an attribute of a group; although 'it can be used either by an individual or a group' and posited that the group or network needs to be strong. The fundamental basis of social capital is the social connectedness among individuals, which could assist them in times of need and even help them in times of distress (Woolcock & Narayan, 2000). The nature of this social connectedness could be formal or informal as mentioned by

Therefore, every attempt has been made to choose a most relevant definition of the concepts that have been used in this thesis.

Hughes et al. (2007), which could vary depending upon the settings or institution within which the interaction takes place. The literature pointing towards defining the concept of social capital further reveals that several authors conceptualise social capital by identifying broader categories that includes: bonding social capital, bridging social capital, and structural – vertical and horizontal -formation of social capital (Coleman, 1988; Putman, 2000; Tzanakis, 2013).

The first category of ‘bonding social capital’ can be located in ‘localised’ areas where people see each other on daily basis; whereas, the second category of ‘bridging social capital’ implies towards enabling people to move beyond the local areas into the global world by expanding relationships (Woolcock & Narayan, 2000). The third category of ‘structural formation of social capital’, characterised by vertical and horizontal formation, is particularly relevant to the present context of the study – the microfinance programmes. Within this category, the horizontal formation of social capital can be related to the formation of social capital between the borrowers/or participants of microfinance programmes such as in the credit lending circle and savings schemes. Whereas, the vertical formation of social capital can be related to the interaction of lending institutions, such as microfinance banks or NGOs, with the borrowers/or participants (Ito, 2003).

Within the development context, the link between social capital and microfinance is much stronger and evident than any other program. Social capital has been utilised in microfinance group lending schemes in the form of ‘peer group pressure’, which helped microfinance lenders overcome the issues of collateral requirements and loan defaults. It further helped in maintaining higher repayment rates due to which world has witnessed massive expansion of microfinance programmes across the globe (Fischer & Ghatak, 2010). Mayoux, (2001) noted that social capital leads to better control of women over resources and enhances well-being of women themselves and their families. Social capital boosts the negotiation position of women within familial and societal spheres by improving social and political empowerment. Social

capital helps bring out desirable change at all levels in terms of networking, improved access to information, building up skills and collective efforts to combat gender and societal issues (Mayoux, 2001; Morris et al., 2006). Yet quite insignificant, the negative aspects of social capital also need to be taken care of as mentioned by (Woolcock & Narayan, 2000).

It is assumed that women's social empowerment has strong relation with social resources which can be viewed in terms of social networking and building alliances to improve awareness by seeking knowledge from increased interactive activities, to improve decision-making capabilities by negotiating a better social position in the social and public surroundings. The MFIs cash social resources to replace physical collateral by establishing networks and connections to obtain information about the trustworthiness and creditworthiness of the potential borrowers (Rahman & Ahmad, 2010). Furthermore, they also use these networks and connections to monitor the performance and progress of their borrowers. In this way, they not only mitigate the default risk but also use peer pressure (another form of social resources) to force their borrowers to make payments on time. However, apart from this, these institutions also help their borrowers to build social capital by way of arranging regular meetings (providing platform for building social capital) and by encouraging them to share their problems with themselves and other borrowers as well. Based on these arguments, it is important to understand how social resources contribute in the empowerment process since it is a direct capability input in the empowerment process.

2.9 Chapter Summary

In this chapter, the researcher has extensively reviewed the existing theoretical and empirical literature on microfinance and women empowerment as well as extant literature on interest free microfinance. Theoretically microfinance has become an effective tool for empowering women all over the world; however, there exists controversial empirical findings that question the validity of these theoretical assumptions (among the others: Duvendack et al., 2012; Garikipati, 2008, 2013; Malhotra et al. 2002; Stewart et al., 2010). It has further been recognised that microfinance industry has been experiencing challenges in terms of achieving financial sustainability and social objectives of poverty alleviation and women empowerment (Armendariz & Szafarz, 2009; Mersland & Strøm, 2010). Moreover, microfinance sector has received huge criticism for charging impoverished exorbitantly high interest rates, serving non-poor and exploiting women just for expanding business incomes (Garikipati, 2013; Goetz & Gupta, 1996). It has also failed to serve a large number of Muslim clients who do not participate in interest-based activities of MFIs due to religious prohibition (Kaleem & Ahmed, 2010; Rahim & Rahman, 2010). IFMIs have emerged as a response to this criticism to meet the credit demands of very poor particularly Muslim consumers who desperately need access to small-scale financial services (Ahmed, 2002; Dhumale & Sapcanin, 1999). However, IFMIs are still in the infancy stage. Many studies have been steered to establish the evidence for viability of IFMIs; however, there exists an enormous gap in conceptualising the working mechanisms of IFMIs particularly in terms of their impacts on poverty and women empowerment, which requires further rigorous research in this area.

Moreover, this chapter has highlighted conflicting findings of impact assessment studies in the context of microfinance (Ganle et al., 2015; Stewart et al., 2010). The most important source of conflict is recognized as the context specificity of empowerment programmes within which

to examine or measure empowerment (Ganle et al., 2015; Geleta, 2016; Malhotra et al., 2002; Rehman et al., 2015). This study holds the view that research is highly likely to either underrepresent or over-represent empowerment without considering the context in which it is being carried out. Finally, this chapter has presented an analytical framework – Capability Approach – for examining the process of participation in IFMIs and the outcomes of this process, which is (largely) informed by the writings of Amartya Sen. The major argument in capability approach is informed by the need to look beyond actual achievements in examining the empowerment of women (Nussbaum, 2001; Sen, 2001) that cannot be captured by merely adopting the traditional research methods. The capability approach has three core elements: functionings (achieved outcomes), capabilities (potential functioning or freedom to achieve functionings) and agency (ability to pursue and realise functionings to inform choices) (Alkire, 2005; Clark, 2005; Nussbaum, 2001; Robeyns, 2005; Sen, 2001). Resources are recognised as the means to achieve functionings and serve as capability inputs (Robeyns, 2005).

Chapter 3 Research Methodology

3.1 Introduction

Having reviewed the relevant literature and set the objectives and research questions of this thesis, this chapter has presented the research methodology adopted for this thesis. Research methodology is a well-thought-out part of a research investigation, which mirrors researcher's philosophical position and defines the philosophical foundations of a research study and practical means of undertaking it. It provides the rationale for choosing the selected components of the research design and justification for relying on the selected elements of research methods. It also facilitates the theoretical justification of selected methodology to examine the proposed research topic, which ultimately leads towards understanding and applying the selected research methods in responding to the relevant research questions posed in a research investigation.

3.2 Research Paradigm and associated philosophies

In writing research methodology, the first step to be taken is to understand and define the research paradigm within which one's research falls. This understanding of research paradigms is closely linked with one's research aims and objectives and, of course, research questions; however, it is explicitly defined in this chapter. Research paradigms broadly cover all kind of research and suggest the path for successive steps to be taken in order to answer the particular research questions posed within a study regardless of the nature of research investigation. Therefore, it is important to understand first what a research paradigm is.

Guba (1990, p. 17) defined research paradigm in its most basic sense by stating that, "paradigm is a basic set of beliefs that guides action, whether of the everyday garden variety or action

taken in connection with a disciplined inquiry”. Guba and Lincoln (1994, p. 107) further argued that the, “beliefs are ‘basic’ in the sense that they must be accepted simply on faith (however well argued); there is no way to establish their ultimate truthfulness”. The research paradigms are ‘coherent belief structures’ or ‘basic belief systems’ (Guba & Lincoln, 1994), which are based on ontological, epistemological, and methodological assumptions and sometimes described as the lens by which the researchers view the outer world or the phenomenon under investigation. These assumptions help the researchers define their paradigm; however, it is pertinent to mention that methodological assumptions are informed and limited by the epistemological assumptions of the researcher and, similarly, epistemological assumptions are informed and limited by the ontological assumptions, which all fundamentally fall within a specific research paradigm (Guba & Lincoln, 1994). Finally, the methodological assumptions inform the researchers to choose appropriate research methods to perform the data collection process.

Guba and Lincoln have argued that, the research paradigms are not readily provable in any ‘conventional sense’; neither have we had any definitive and foundational criteria to present the superiority of one paradigm over the other. In fact, it represents the ‘most informed and sophisticated view’ of the advocates of every resulting research paradigm. It has further been observed from Guba and Lincoln (1994) that these research paradigms are mere ‘human constructions’ or in an absolute sense ‘inventions of human mind’, which makes them subject to ‘human error’. Therefore, they suggested proponents of every paradigm to “rely on persuasiveness and utility rather than proof in arguing their position” (1994, p. 108). According to the analysis of Guba and Lincoln (1994), the emerging (possible resulting paradigms), can be grouped into four categories: positivism, post-positivism, critical theory et al., and constructivism. However, it is important to acknowledge that there is no consensus among the scholars (see for instance; Bryman & Bell, 2011; Collis & Hussey, 2013; Creswell, 2003;

Crotty, 1998; Guba & Lincoln, 1994; Silverman, 2013 among others) on a definite list of research paradigms; therefore, most often the researchers (particularly early career students) try to adhere to the contemporary debates within their field of study.

In the field of business and management, Collis and Hussey (2014) and Bryman (2001) posit that there are two extreme ends of the research paradigms: positivism and interpretivism. Positivism, as mentioned by Guba and Lincoln (1994), is the traditional paradigm, which originated from the field of natural sciences and has its roots in the philosophy of realism (Collis and Hussey, 2014). The proponents of positivism³⁵ hold the assumption that “social reality is singular and objective, and is not affected by the act of investigating it” (Collis & Hussey, 2014, p. 43). In simple words, the positivists employ deductive reasoning to explain a certain social phenomenon by establishing/proving cause and effect relationships. On the other hand, interpretivism emerged as a way of criticism on positivism by moving from realism to idealism, whereby the proponents³⁶ argue that “social reality is in our minds, and is subjective and multiple and is affected by the act of investigating it (Collis & Hussey, 2014, p. 44). Unlike positivists, the interpretivists employ inductive reasoning to explain a given phenomenon in a given context based on interpretive understanding of the perceptions of humans (Collis & Hussey, 2014). In the following subsections, the present researcher has explained his ontological, epistemological and methodological assumptions to position himself on the two ends of paradigm continuum defined by Collis and Hussey (2014).

3.2.1 Ontology of this thesis

Ontology is concerned with answering the question, what is the nature of the reality we are trying to understand and what are the assumptions we hold about this reality (Guba & Lincoln,

³⁵ Auguste Comte (1798-1857), John Stuart Mill (1806-1873)

³⁶ Immanuel Kant (1724-1804), Wilhelm Dilthey (1833-1911)

1994; Mertens, 2014). In other words, “it involves asking what one sees as the very nature and essence of things in the social world” (Mason, 2002, p. 14). It helps the researcher to address the questions about the objective or subjective reality of the social phenomenon under study (Bryman, 2001). In the preceding chapter, this study has established that empowerment is a context-specific phenomenon and stressed on the importance of understanding it in relation to a particular context. From this argument, it is clear that present researcher views reality (empowerment in this case) as multiple, and researcher’s ontological assumption falls within the paradigm of interpretivism according to Collis and Hussey (2014) and Bryman (2001). Guba and Lincoln (1994) named this ontological position as ‘relativism’ since the reality (what is empowerment?) exists in relation to a particular context. It has further been argued that empowerment is neither a physical nor a quantifiable object; but socially constructed phenomenon, therefore, the nature of the reality is subjective, which is another assumption that places this research within the paradigm of the interpretivism (Bryman, 2001; Collis & Hussey, 2014). In contrast to this, from positivists’ ontological stance, the reality (what is empowerment?) is objective and exists “independent to the researcher; therefore, there is only one reality (answer to this question) and everyone (independent of the context) has the same sense of reality (Collis & Hussey, 2014, p. 47)”. Therefore, the ontological assumptions of the present researcher fall within the paradigm of interpretivism, which is also reflected in the research questions (refer to section 1.3) posed within this thesis. The ontological assumption, therefore means, that the reality (empowerment) is socially constructed and the researcher’s aim is to explore that reality – local and context based specific reality - as being constructed and given meaning by women.

3.2.2 Epistemology of this thesis

The epistemology, on the other hand, is concerned with the “nature of the relationship between the knower and would-be-knower and what can be known (Guba & Lincoln, 1994, p. 108)”? In other words, it is concerned with the acceptability and validity of the information/knowledge to be obtained (Collis & Hussey, 2014) and legitimate way of getting knowledge about a particular phenomenon in a particular field (Bryman, 2001; Patton, 2002). Now, as mentioned earlier, the ontological assumptions are not only the premise for epistemological assumptions but also limit and direct it. For instance, ontologically, the researcher believes that empowerment is a subjective phenomenon (how women perceive and give meaning to this), which means being constructed out of interaction of women with their contexts, cultures and environments. It implicitly informs the researcher that knowledge about this (complex) phenomenon cannot be obtained by following the procedures used in natural sciences (such as experiments) but through creative interaction or engagement with those women (such as interviews). This stance is further substantiated with the nature of research questions posed within this study, whereby the researcher has explicitly mentioned his interest in understanding women’s perceptions on empowerment as well as developing knowledge on how empowerment occurs when they access financial services provided by IFMIs in Pakistan.

The positivist’s epistemological assumption holds that “only phenomena that are observable and measurable can be validly regarded as knowledge” (Collis & Hussey, 2014, p. 47) and in the process of data collection, the research and the respondents/participants do not influence each other (Merten, 2014). In contrast to this, the interpretivists assume that “the inquirer – researcher – and the inquired-into – respondent – are interlocked in an interactive process and both influence each other” (Mertens, 2014, p. 19). Due to this nature of the relationship, the interpretivists prefer to “employ a more personal and interactive mode of data collection” (Mertens, 2014, p. 19). Based on this discussion, it is clear that the epistemological assumptions

of the present researcher are in line with the ontological assumptions and both fall within the paradigm of interpretivism. Crotty (1998) named such an epistemological stance, whereby the researcher assumes that interaction with the participants is a legitimate way obtaining knowledge, as ‘constructionism’, which is also supported by Ackermann (2001). Constructionism is a term used by Seymour Papert of Massachusetts Institute of Technologies in his theory of learning. From constructionist point of view, in building knowledge structure, “the learner consciously engaged in constructing a public entity, whether it’s a sand castle on the beach or a theory of the universe” (Papert & Harel, 1991, p. 1).

Ackermann (2001, p. 4) reflected on this interaction with participants in the process of learning or obtaining knowledge about a particular phenomenon by stating that, “it helps to understand how ideas get formed and transformed when expressed through different media, when actualized in particular contexts, when worked out by individual minds”. By way of expressing our ideas, we share them and make them tangible, which in turn informs and shapes these ideas and help to communicate with others through our expressions (Ackermann, 2001). The epistemological stance of constructionism assumes that “the knowledge is essentially situated and thus should not be detached from the situations (contexts) in which it is constructed or actualised” (Ackermann, 2001, p. 5). This epistemological stance of constructionism is clearly evident from the objectives and research questions designed and posed within this thesis. It informs the researchers to employ a methodology, whereby the researcher will have the opportunity to interact creatively with the participants to gain rich insights into the phenomenon of what empowerment means in the context relevant to women participants’ lives and how it occurs when women participate in IFMPs.

3.2.3 Methodology

The methodological assumptions, as discussed earlier, are based on the ontological and epistemological stance of the researcher; however, at the same time, it is the research objectives and questions that inform the researcher to adopt a particular methodology. Most often, methodology is confused with the methods adopted for data collection but the present researcher believes methodology is a theory that guides and informs methods for data collection. It informs the researcher about what kind of data is required to answer the questions posed within a study and what is the best way of going around to gather such data. It has been observed from various authors (see for instance: Collis & Hussey, 2014; Creswell et al., 2007; Crotty, 1998; Guba & Lincoln, 1994; Mertens, 2014; Silverman, 2013 among others) that there are various methodological choices available to both positivists (such as experimental studies, surveys or case studies) and interpretivists (such as ethnography, narrative studies, grounded theory, phenomenology or case studies). At this stage, the research objectives help the researchers choose the appropriate methodology. Since, the objectives of this study are to understand women's perceptions on what empowerment means in their respective lives and how empowerment occurs when women access financial services offered by IFMIs in Pakistan, the phenomenological methodology is considered appropriate for answering the research questions posed within this thesis.

According to Lester (1999, p. 1), "phenomenology is concerned with the study of (lived) experience from the perspective of the individual, 'bracketing taken-for-granted' assumptions and usual ways of perceiving". In light of this statement, it can be clearly seen that the assumptions of the researcher are well-matched with the assumptions of phenomenology; since, the researcher has already established that for understanding empowerment it is important to bracket taken-for-granted assumptions about empowerment (taking empowerment indicators from existing literature on empowerment). The researcher has further stressed on

understanding it (and selecting indicators of empowerment) from the perspective of women borrowers (about whom empowerment we are talking about), which is another assumption of phenomenology, whereby Pietkiewicz and Smith (2014, p. 8) maintained that phenomenology is concerned with understanding “how people perceive and talk about phenomenon, rather than describing phenomena according to a predetermined, categorical system, conceptual and scientific criteria”. Moreover, phenomenology is concerned with understanding a phenomenon within a specific-context (Lester, 1999), which is another fundamental and critical assumption posed by the present researcher.

There are two main branches of phenomenology according to Cohen and Omery (1994): descriptive/eidetic phenomenology and interpretive/hermeneutic phenomenology. The descriptive phenomenology, advocated by Husserl (1970) and also known as Husserlian phenomenology, assumes that in order to gain insights or capture essential features of a particular phenomenon (from lived experiences of the participants), the researchers must strip off all his pre-conceptions or pre-suppositions, personal knowledge or experiences about that particular phenomenon (Cohen & Omery, 1994; Natanson, 1973; Tufford & Newman, 2012). To capture these essential features from lived experiences, few researchers (for instance, Hamil & Sinclair, 2010) even postulated that the researchers should not start ‘review of the literature’ until and unless the data has been collected and analysed (Chan et al., 2013). In other words, Husserl (1970) supports the view that the main aim of pure phenomenology is meant to describe the phenomena (consciously experienced) as accurately as possible as experienced by the participants, by remaining true to the facts (Groenewald, 2004) than explaining it. However, Husserlian phenomenology is less concerned with how traditional, cultural, societal and political elements influence one’s freedom to act or choose according to Lopes and Willis (2004).

On the other hand, the interpretative phenomenology, advocated by Heidegger (1988) the student of Husserl, assumes that the researchers should not focus only on what the participants consciously experience and know about a phenomenon rather the meanings should be extracted from the meanings the participants give to their everyday experiences about a particular phenomenon (Lopez & Willis, 2004; Parse, 2001; Solomon, 1987). In doing so, the researcher can make meaningful interpretations by gleaning information from the narratives produced by the participants, which are linked with their lifeworld (Lopez & Willis, 2004). Heidegger has particularly used the term 'lifeworld' in his descriptions about phenomenology by assuming that the world (contexts, culture, traditions, or environment) in which humans live perpetually impact the meanings human give to a particular phenomenon or a reality (Lopez & Willis, 2004). It is an important concern for the present researcher since this study is concerned with subjective experiences (shaped by interaction of women with their cultural and traditional norms and values) of women who participate in IFMPs in a particular context of Pakistan. Another critical assumption of interpretative phenomenology, in contrast to descriptive phenomenology, is concerned with the researcher's existing knowledge about a particular phenomenon, whereby interpretative phenomenology assumes that "preconceptions on the part of the researcher are valuable guides to inquiry and, in fact, make the inquiry a meaningful undertaking" (Lopez & Wills, 2004, p. 729).

Since, the aim of this study was to explore women borrowers' experiences of participation in IFMPs by understanding their perceptions on empowerment in relation to their respective lives (invariably influenced by interaction with their world); therefore, the methodological assumptions of interpretative phenomenology are more relevant to the context of this study. In this respect, Lester (1999) postulated that by adopting interpretative phenomenological stance, the researcher cannot only describe a particular phenomenon (what empowerment means in the context of this study) but can also make meaningful interpretations from those descriptions

(how empowerment is influenced by interaction with their world and participating in IFMPs). Moreover, the researchers' existing knowledge of the phenomenon (empowerment in the context of microfinance), which is derived from reviewing the existing literature microfinance and women empowerment, can help in building knowledge in the process of interacting with research participants.

3.2.4 Research methods for data collection

Once the researcher has defined his/her research methodology, it informs, as well as limits, the researcher's choice to choose the methods (either quantitative or qualitative or a combination of both) for data collection. Qualitative and quantitative methods of data collection are different in terms of their conjecture, technique and approach towards data and theory. In these two choices, the researchers not only use different sets of data collection and analysis tools, but also perceive the social world from a distinct ontological and epistemological standpoint. Many researchers and scholars argue and justify the pros and cons of adopting qualitative/quantitative research methods in uncovering social realities (or perhaps relations); however, it has to be acknowledged that both of these choices are used and deployed to address different sets of questions and therefore seek answers to different sets of research problems respectively (Goertz & Mahoney, 2012). Strauss and Corbin (1990) argued that the valid question is not which method is better rather it seeks which one is more appropriate within a particular social setting, depending upon the nature of the research questions.

In general, the quantitative research methods are used to explain or prove a phenomenon using universal laws of cause and effect (Straus & Corbin, 1990), whereas, qualitative research methods are used to understand and explain a phenomenon based on human's perceptions and understandings of that phenomenon assuming that universal laws of cause and effect cannot explain or prove that phenomenon (Creswell, 2003). Since, the present study is concerned with

understanding women's perceptions on empowerment to explain how empowerment occurs when women participate in IFMPs, therefore the qualitative methods of data collection are considered an appropriate choice for achieving the objectives of this study. The researcher believed that the questions posed within this study (please refer to section 1.3) cannot be adequately answered by using quantitative or mixed data collection methods since it would not allow the researcher to explore women's perceptions in understanding the complexities of women behaviours and experiences in obtaining and using loans from IFMIs. The qualitative research methods, on the other hand, as reinforced by Myers (2013), can help to understand people, their motivations and actions, and the broader context within which they work and live. Moreover, by employing qualitative data collections methods, the researcher was able to capture how empowerment was experienced and given meaning (Antwi & Hamza, 2015; Kvale & Brinkmann, 2009) in a specific context (Geleta, 2016) of Pakpattan district in Pakistan. It has further helped the researcher to understand and capture life changes, before and after participation in IFMPs (Malhotra & Mather, 1997). In the following sub-sections, the researcher has illustrated the data collection tools adopted for this study; however, it is important to describe and distinguish between two types of data (and the source of data) that are used within this thesis.

3.2.4.1 Types and sources of data

In the present study, the researcher has used both primary and secondary data. The research questions posed within this thesis have been answered with the help of primary data (first-hand data) that was collected by researcher himself. The main tool for primary data collection was in-depth semi-structured interviews. Participant observation has also been used to reflect on certain situations in the process of collecting qualitative data. The researcher has also maintained research notes to record his reflections at various stages of this study throughout the process of data collection and data analysis. Silverman (2013) acknowledges that the use

of these qualitative data collection techniques bridges the social gap between the researcher and the field data. Whereas, secondary data (available from various sources such as library or online databases that is already collected and analysed by other researchers) has been used to review the literature relevant to the context of this study. It includes a number of articles published by various journals, soft/hard-bound and electronics versions of books and even unpublished data available through different sources such as hard-bound thesis available in the library. It also includes data available online through a number of websites and even unpublished web-pages. The secondary data has played an important role in substantiating the importance of conducting this particular research investigation as well as in familiarising with the researcher's field of study. It has also helped the researcher identify what has already been done by other people and what is missing there to be focused on.

3.2.4.2 Sampling strategy

At the outset, the sampling strategies can be categorised into two main groups namely: probability (mainly for quantitative studies) and non-probability (mainly for qualitative studies) sampling (Palinkas et al., 2015; Patton, 2002; Saunders et al., 2009). However, the research aims and objectives help the researchers choose the right sampling technique. Based on the nature of research questions posed within this study, non-probability sampling better suited to achieve the objectives of this study. In this respect, Collis and Hussey (2014, p. 131) argued that “under an interpretivist paradigm, the research data will not be analysed statistically with a view to generalizing from the sample to the population; therefore, interpretivists do not need to select a random sample”.

The non-probability sampling techniques adopted in this study includes: purposive and snow ball sampling, which were informed by the philosophical stance of the present researcher as well as the nature of the research questions posed within this thesis. Palinkas et al., (2015, p.

2) postulated that “purposive sampling is typically employed in qualitative research enquiries for the identification and selection of information-rich participants for the most effective use of limited resources available (in this case time and money) at the researcher’s end”. Patton (2002) and Collis and Hussey (2014) have also presented a similar view in support of using purposive sampling for the purpose of collecting qualitative data. It informs the researcher to recruit knowledgeable participants based on the “strength of their experience of the phenomenon under study (Collis & Hussey, 2014, p. 132)”. However, Bernard (2011) has also emphasised on the importance of participants’ willingness as well as availability to involve in the research and participant’s ability to communicate and articulate in an expressive and reflective way the opinions and experiences. There are many choices available within the purposive sampling methodology (Etikan et al., 2016; Palys, 2008); however, in the present study the research participants were identified by using purposive sampling (based on criterion) followed by snow-ball sampling. Snow-ball sampling technique has been defined by Bernard (2011, p. 193) in the following words:

“In the snowball technique, you use key informants and/or documents to locate one or two people in a population. Then, you ask those people to (1) list others in the population and (2) recommend someone from the list whom you might interview. You get handed from informant to informant and the sampling frame grows with each interview. Eventually, the sampling frame becomes saturated - that is no new names are offered”.

Silverman (2013) argued that purposive sampling is helpful in selecting a case since it illustrates certain features of a phenomenon in which the researchers are interested; however, according to Saunders et al. (2009), snow-ball sampling can be more helpful when researchers face certain difficulties in identifying information-rich participants from a desired population. However, there are certain challenges in using non-probability sampling strategies in

qualitative research such as “the range of variation from which a purposive sample is to be taken, why recruit the chosen individuals for a particular study and what qualifies these participants to achieve the aims of the study” (Palinkas et al., 2015, p. 3). However, it is observed from Etikan et al. (2016), Palinkas et al., (2015) and Palys, (2008) that setting a general criterion could be helpful in addressing the challenges mentioned above. Therefore, a general criterion was set for initially identifying the potential participants of this study:

- Be a member of Akhuwat Foundation for a period of 1-5 years
- Have received at least one interest free loan either independent loan (must be an enterprise loan sought for establishing or expanding an existing small-scale business) or in conjunction with other financial products
- Expressed willingness to participate and be available to be interviewed
- Agreed to provide either oral or sign written consent
- Agreed to be re-interviewed (if necessary for the researcher to re-approach particular participants for validity purposes)

There was another challenge of identifying information-rich participants, as emphasised by Bernard (2011); however, the present researcher has been able to address this issue by seeking advice from the key staff members of Akhuwat who deal with women borrowers on regular basis. Although, the research participants were recruited in accordance with a set criterion, the research sample was intended to achieve maximum demographic and phenomenal variation. The sampled research participants had variation in terms of demographic characteristics (age, schooling, family type, source of income, women’s relative position in the household, number of children, number of family members) and in terms of loan characteristics (number of loans received, size of loans, size of group, user of loans), which was achieved by setting only a general criterion as mentioned earlier. It was, guided by the relevant literature. According to Patton (2002) and Sandelowski (1995), the sample variation allows the researcher to study the

phenomenon from different angles and identify commonalities in the data collected as well as the links between different aspects of the data.

3.2.4.3 Sample Size

Another issue, both qualitative as well as quantitative, researchers more often face in the course of their research, is concerned with deciding an adequate sample size to achieve the research aims and objectives (Guba & Lincoln, 1994; Patton, 2002; Sandelowski, 1995). It is more problematic for qualitative researchers to decide a sample size at the outset of the study (Bowen, 2008; Sandelowski, 1995). Mason (2010) has recommended for qualitative PhD studies to use saturation point as a guiding principal. He has conducted a detailed analysis of 560 qualitative PhD studies to find out the average sample size and finally postulated that a sample size consisting of 32 participants is generally appropriate at the outset of conducting a PhD level qualitative study. However, there is no hard and fast rule for selecting a sample size in conducting research seeking qualitative data rather it mainly is linked with researcher's philosophical and methodological stance as well as the resources available to the researchers (Collis & Hussey, 2014; Crotty, 1998; Guba & Lincoln, 1994; Malterud et al., 2016; Maxwell, 2008; Patton, 2002). A general assumption is that the researcher should not overburden himself with an unnecessary number of participants. Sandelowski (1995) argues that the sample size for qualitative phenomenological studies should be small enough to allow an in-depth data analysis and large enough to allow the researcher to identify new and rich patterns from participants experiences.

However, by adhering to the principles of research study seeking qualitative phenomenological data, the present researcher had estimated the sample size of 25-30 research participants. In the field, however, 33 eligible women borrowers were identified, with the help of 12 purposefully selected women borrowers, who were identified by the field officer of Akhuwat in Pakpattan

district based on the set criterion for eligible research participants. Duplicate names were discarded from the list respectively, which reduced the list to 27 eligible women borrowers. Out of 27 women borrowers, 21 showed their intention to participate in the study; however, the researcher concluded the data collection with 17 women borrowers who were recruited through snow-ball sampling strategy. Rest of the women did not participate in the study due to their personal issues, although they initially consented to participate in the study. In total, 29 women borrowers of Akhuwat from Pakpattan district were interviewed and included in the final data analysis, which was in line with the estimated sample size for this study. It is important to mention that due to cultural, social and family norms in the research setting as well as gender difference (male researcher and female target population), it was not straight forward to interview women borrowers in Pakpattan district; therefore, the researcher already had in mind some variation in the final number of interviews.

3.2.4.4 Semi-structured Interviews: primary data collection tool

In qualitative research, the most widely applied tool for data collection is interviews (Bryman & Bell, 2011; Mason, 2002). Interviews could be of three types namely: structured interviews, semi-structured interviews, and unstructured interviews (Saunders et al., 2009). Semi-structured interviews are more appropriate when the researcher has a clear focus (Bryman & Bell, 2011) and provide with an ‘opportunity to probe answers, where the researcher wants their respondents to explain, build on, their responses (Saunders et al., 2009). The present researcher adopted an in-depth semi-structured interview technique since he had a clear focus of areas to be covered in the interview sessions. It was supported by the ontological and epistemological position of this thesis that informed “participant’s knowledge and views are meaningful properties of the social reality and meaningful way to generate data is to talk interactively with people” (Mason, 2002, pp. 63-64).

The semi-structured interviews typically refer to a context where the researcher has a number of questions to be answered but also open up the possibility to vary the order of these questions as needed. Furthermore, the questions are more general as compared to the questions be used in a structured interview and leaves a room for asking different questions emerging from the situations being of interest to the researchers (Bryman, 2008). In semi-structured interview technique, the researchers prepare an interview guide about the main ideas or areas to be covered; however, the researchers are free to move away from the guide and ask some other relevant questions under the broad set of ideas/areas/categories to be investigated. The entire process is, somewhat flexible, and the emphasis is on what the interviewees sees as important when explaining and understanding the different topics being talked about (Bryman, 2008).

The primary data source for this study was in-depth face-to-face interviews since the purpose of the study was to obtain rich contextual understanding on the phenomenon being studied from the participants' perspective and their experiences. With the help of extensive literature review, the researcher was able to prepare the research instrument (interview guide) in advance to be used as a frame of reference in the final stage data collection (Bryman & Bell, 2011; Saunders et al., 2009). The interview guide and participants information documents were translated into Urdu for the convenience of the research participants and communicated using the participants' primary language, prior to each interview to ensure ethical commitment as well as develop rapport with the research participants (Millar & Tracey, 2009). Prior to using in final stage data collection, the interview guide was pilot tested to ensure reliability and validity of the research questions to answer the specific research questions posed within this study, which is also discussed later in this chapter.

The interviews were conducted in Urdu and Punjabi considering the convenience of the research participants in communicating fluently and reluctantly. Verbal consent, on being interviewed and voice-record the interview, was obtained prior to each interview to stick with

the ethical perspective of this study. The research participants were clearly communicated what is the purpose of the study, why their participation is important, what information they will be required to answer and how the collected information will be used. They were ensured privacy and confidentiality of every piece of information that will be collected. They were ensured that this study is not being undertaken on behalf of Akhuwat foundation or any other public/private organisation; therefore, it is not required to submit any or part of the information collected to Akhuwat foundation or any other public/private organisation. They were clearly communicated that their participation is completely voluntary and they are not required to participate if they do not want to. They were also informed that their participation does not lead to any reward (cash or kind) either from Akhuwat foundation, any other public/private organisation/institution or the researcher. It was clearly communicated that their decision to take part or not in this study will not affect their relationship with Akhuwat in any explicit or implied manner. They were also informed that they can drop the interview at any time they wish to do so without giving any reason, they can withhold any information they do not want to share, they can choose to answer or not the question/questions being asked by the researcher during the interview. All these steps ensured researcher's ethical commitment and partly helped to improve participants' confidence to share information with the researcher.

The interview guide had four main parts. First part was designed to capture demographic characteristics of the research participants such as age, schooling, formal or informal educational status, marital status, number of children, family type etcetera. The second part was designed to develop knowledge and aspects of IFMPs in which the research participants had taken part such as type of loan, number of loans, size of loan, purpose of loan, use and user of loan, loan type, additional services in conjunction with the programme such as training and education etcetera. The third part was designed to include open-ended questions to explore women borrowers' perceptions on what empowerment means in their lives, what they valued

for being empowered, why they valued what they valued to recognise context-based empowerment qualities from women borrower's perspective. The participants were allowed and encouraged to explain their answers. However, considering the expected profile of the research participants, a range of useful prompters, drawn from the extant literature, were added in the interview guide to probe different aspects of the phenomenon being studied to ensure collecting sufficient information to answer the specific research questions. The researcher maintained research notes throughout each interview to record important information that may require research participants to further describe the certain aspects of the information. It helped the researcher to add context-based and more relevant prompters to the interview guide. It also helped to explore certain aspects which were not included in the original interview guide. The third part of the interview guide was designed to achieve the objective of answering the first specific research question posed within this study to explore women borrowers' perceptions on what empowerment means in a context relevant to their lives based on what they valued and had reasons to value.

The fourth part of the interview guide was designed to explore the influence of participation in IFMPs offered by Akhuwat foundation in Pakpattan district on empowerment of the women borrowers. It also included open ended question to allow the participants to describe their experiences of participation in IFMPs. Although, the research participants were given privilege to describe their experiences, the researcher consistently followed the interview guide to stay focused on the main areas to be covered in each interview. The researcher engaged the participants by asking established and emerging questions to explore different aspects of their experiences of participation in IFMPs and changes in their lives before and after participation in such programmes. The researcher was committed to practice active listening throughout the interviews to reflect on new emerging aspects being articulated by the research participants. The questions included the aspects highlighted by the research participants in answering the

questions in third part of the interview guide in addition to the questions that were already incorporated to capture certain aspects of the phenomenon after reviewing the extant literature on the subject matter. The fourth part of the interview guide was designed to achieve the objective of answering the second specific research question posed within this study to explore women borrowers' experiences of participation in IFMPs to understand the influence of this participation on women's perceived empowerment. However, as expected, the interview time varied from one participant to another depending on the ability of each respondent to articulate their perceptions and their experiences effectively and expressively. Altogether, the interview time ranged from 60-90 minutes excluding any interruptions, which was in line with the estimated time for each interview.

3.2.4.5 Participant Observation

Lofland et al. (2006) argue that main purpose of participant observation is to gain a better understanding of participant's lives in relation to their context, culture and environment by way of establishing a link between the participants and their natural settings. By making such observations, the researcher can request the participants to explain, for example, why they behave in a particular way in a specific situation. Based on these arguments, participant observation is suitable for looking at the culture and practices of a community – in this case community of IFMIs and its borrowers in Pakistan. Furthermore, as part of a research methodology, participant observation has positive aspects such as enabling the researcher to minimize the impact of their presence on the social group they seek to understand and also identify any cultural or language differences during interviews which need explanation. It can help observers to record experiences in order to explain their cultural observations to a wider audience (Emerson et al., 2001). Notwithstanding, it is researcher's duty to bear in mind the possible drawbacks of participant observations while choosing it as part of research methods (Emerson et al., 2001).

3.2.4.8 Research Notes

The research notes can be very helpful for the researcher not only to reflect on the data collection but throughout the research process according to (Willis, 2010). Pilnick and Swift (2011) postulated that making reflective research notes can be very rewarding for the researchers. First, it helps the researcher to understand how the data has been gathered and shaped throughout the data collection process and secondly it can help the researcher to discover new ideas or areas or aspects of data to be explored, which have not been considered otherwise. For the stated reason, the present researcher has been maintaining research notes throughout the process of this study. In the data collection phase, it has assisted him with reflexivity and recalling the certain features of the interviews or discussions that have not been recorded otherwise. It was used to record interview time, interview date and interview place as well as the participants' detailed descriptions. After each interview, the research notes were prepared to identify main aspects highlighted by the research participants. It helped the researcher to add useful context-based prompts in the interview guide to explore different dimensions of the subject being studied.

3.3 Recruitment of translator

Considering, the researcher is doing his PhD in England, where the medium of communication is English; he initially planned to hire a translator to help him with translating material from English to Urdu. Though the researcher is a native Pakistani and speaks Urdu and Punjabi fluently and more particularly with local accent; however, he believed it would be better to hire the services of a translator to offset potential biases arising thereof whilst translating material from English to Urdu and from Urdu to English. Therefore, the researcher hired the services of a translator from Pakistan, who has previously been involved in such research activities. He also acted as a research assistance in collecting data at pilot study stage. An agreement was

signed between the researcher and the research assistant to ensure the privacy and confidentiality of the data collected, which is attached as an appendix at the end of this thesis. It was also submitted to the University Salford Ethical Committee as well as part of ethical approval application. However, the researcher had to suspend the services of translator for an important reason, which was the financial resources available to the researcher. Since, this activity of data collection was self-funded, he could not continue to pay for translation services.

3.4 Data analysis and interpretation

It is the most important phase of any research enquiry since the final conclusion emerges from the analysis of the data collected. In the present study, the researcher has used Nvivo software to help him in the data analysis phase, which has extensively been used in qualitative studies and recommended by many authors (For instance: Bazeley & Jackson, 2013; Miles et al. 2013; Welsh, 2002). According to Cabraal (2010, p. 75), “Nvivo works like filing system and enables qualitative researchers to sort data into different categories, make notes and add comments. It allows researchers to change and modify categories and also to use multiple categories for the same pieces of information”.

Generally, in qualitative analysis the raw data collected is transformed into findings (Sandelowski, 1995) followed by a construction of significant emerging themes and interpretation of those themes (Thorne et al., 2004), and in phenomenological studies particularly by committing to remain true to represent participants’ narrative accounts (Groenewald, 2004). Interpreting phenomenological data is quite demanding and complex and requires the researchers to immerse themselves into the data (Pietkiewicz & Smith, 2014). Consistent with the research methodology employed in this study, the researcher has used the following steps, shown in the table 3-1 in the analysis of the data recommended by Pietkiewicz

& Smith (2014) as well as Smith and Osborn (2007), which is known as interpretative phenomenological analysis (IPA).

Table 3-1 Steps in interpretative phenomenological analysis

Step 1	Translations and transcribing the recorded interviews and research noted
Step 2	Multiple reading and making notes
Step 3	Looking for themes in individual transcripts
Step 4	Seeking relation by connecting themes
Step 5	Clustering themes
Step 6	Final analysis and interpretations
Step 7	Writing the report on findings

Source: Pietkiewicz and Smith (2014) & Smith and Osborne (2007)

According to Smith & Osborne (2007, p. 53), “IPA analysis involves detailed examination of the participants’ lifeworld; it attempts to explore personal experience and is concerned with an individual’s personal perception or account of an object or event, as opposed to an attempt to produce an objective statement of the object or event itself”. The first main part of the data analysis was to transcribe the data collected through the data collection tools employed by the researcher in a particular research inquiry. In this study, it refers to the data collected through in-depth semi-structured interviews and reflective research notes through observing the participants detailed descriptions, their social settings, the interview environment and notable gestures of the research participants observed during the interview process. Although, data transcription is quite difficult task for the qualitative studies, it is the most important part of data analysis, which included, in the context of this study, data translation as well (Regmi et

al., 2010). The source language of the interviews conducted in this study was Urdu and Punjabi, yet the data was transcribed by making translations from Urdu/Punjabi to English. It helped the researcher to save an enormous amount of time; however, the researcher remained conscious to translate the data from the source language by using very close English words to maintain integrity by staying true to the participants' descriptions (Halai, 2007). It was aimed to present descriptions of women borrower's perceptions and their experiences as truly as possible (Groenewald, 2004). Data transcription is an important exercise that allows the researcher to reflect on research notes maintained during the data collection by inserting nonverbal cues such as body language as well as delete sentences that have common characteristics (Halai, 2007). An accurate construction of the record is imperative to the data analysis and data interpretation; therefore, the researcher was extremely conscious to produce verbatim transcriptions from the data by practicing multiple slow-mode listening of each interview. The UK-English and Urdu-English dictionaries were constantly consulted to minimise the bias resulting from this conversion from source language to English. The transcriptions were produced using MS word application as well as using Nvivo software; since the data was saved on the laptop. Transcriptions were exported to Nvivo to break the data for performing analysis.

Following the data transcription, the researcher read each transcription several times to make himself familiar with the content of the transcriptions to make important notes such as what the researcher is asking and what the participants are describing. According to Smith and Osborne (2007), every time a researcher reads a transcript, he will get an opportunity to derive new insights from the transcript. This practice helped the researcher to identify themes in individual transcripts and making notes on the emerging themes. Multiple reading also allowed the researcher to highlight contradictions within the same accounts articulated by the individual participants at different points (Pietkiewicz & Smith, 2014; Smith & Osborne, 2007).

Importantly though, the researcher did not practice note-making as suggested by Smith and Osborne (2007); since, there was too much of data as compared to a typical IPA study. Moreover, the available time restricted the researcher to strictly follow guidelines for a typical IPA study. In the next phase, the researcher was interested in looking into themes from individual transcripts to locate the links between themes from individual transcripts. Since, the researcher used Nvivo software for data analysis, it was easy to break the content from each transcription using nodes for individual themes. In so doing, the researcher separated similar bits from each transcription to make a new node representing a common theme from two or more individual transcripts. Importantly though, the researcher performed the analysis by breaking the interview transcriptions in to two stages: first stage was used to analyse women's perceptions on what empowerment meant in their lives based on what they valued for being empowered and the second stage used to explore women's experiences of participation in IFMPs.

Altogether, the researcher identified eight overarching themes in doing the first stage data analysis. These themes represented empowerment qualities as articulated by the women borrowers' of Akhuwat in Pakpattan district of Pakistan, who participated in this study. These qualities are titled 'empowerment indicators' in the context of this study. After identification of these themes, the researcher prompted to look for the relationships between these themes to cluster these themes under superordinate themes. As a result of this, the researcher had identified three superordinate themes, which constituted of eight subordinate themes. These superordinate themes are titled 'empowerment dimensions' in the context of this study. In Nvivo, these are termed as parent nodes and child nodes respectively. In interpretative phenomenological analysis, it is termed as clustering themes or organising themes. An important distinction of IPA analysis from thematic and content analysis is that, the superordinate themes are used to organise the subordinate themes (Hefferon & Gil-Rodriguez,

2011). It means, the major discussion is carried out in presenting the subordinate themes than in presenting the superordinate themes; yet, the superordinate themes are important as well since they are used to make distinction between different clusters of information. The superordinate and subordinate themes, altogether, represented the research participants' perceived empowerment in the context of this study.

First stage analysis, paved the way to perform second stage analysis; since, the second stage analysis primarily used the superordinate and subordinate themes to break the similar bits of information from individual transcriptions by making constant back and forth comparison. It was aimed at achieving the second research objective to explore the influence of participation in IFMPs on women's perceived empowerment. However, the researcher was conscious in recognising the potential information that was missing in the first stage analysis. This practiced allowed the researcher to make an in-depth comparison between the participants' perceived empowerment and their experiences of participation in IFMPs in relation to their perceived empowerment. The second stage analysis was done in seeking guidance from capability approach to conceptualise the process of participation in IFMPs and the outcomes of this process in terms of achievements and capabilities. Achievement referred to the outcomes, women had achieved after participation in IFMPs such as change in household income and expenditures, change in business income and expenditures, change in personal spending's, change in business and household assets, change in women's involvement in household and business decision-making, change in health status of the women and their families, change in children schooling, or change in their personal, social and business relationships. On the contrary, capabilities referred to change in women's capabilities to influence the decision-making at personal, household and business level, their capabilities to counter financial urgencies, their ability to move freely, their ability to make and exercise choices etcetera.

At this point of time, the superordinate themes contained subordinate themes and subordinate themes contained research participants' descriptions without an element of researcher's interpretations, which prompted the researcher to make an initial analysis by interpreting the research participants' descriptions of the phenomenon being studied. It provided a line of action to report the research findings. The findings were reported by quoting the participants' descriptions to outline the meaning inherent in the research participants' perceptions and lived experiences of participation in IFMPs (Smith & Osborne, 2007). In the reporting phase, the analysis is expanded to present the findings in a coherent way by adding interpretation on the implied impressions of the quoted descriptions.

3.4.1 Quality issues in qualitative research

According to Collis and Hussey (2003), it is important for qualitative researchers to address the issues of data quality to avoid reaching invalid conclusions. In general, there are two important quality issues that requires attention: reliability and validity. Collis and Hussey (2003) argue that reliability is concerned with the results of the research to highlight the credibility of the research findings. The reliability is determined by the extent to which the research instrument can be replicated to produce similar results. It means reliability refers to the results and findings that are theoretically sound (Collis & Hussey, 2003). The findings of this study indicate that the research instrument was good enough to capture reliable data. For instance, the third section of the interview guide was aimed at capturing women perceptions on empowerment based on what they value for being empowered. In analysing the answers to this section, the researcher has obtained nearly similar answers from majority of the research participants, although expressed in different ways. It implies that the research instrument was able to capture reliable data.

On the other hand, validity implies to what extent the findings of a research are able to answer the main research question (Kimberlin & Winterstein, 2008). It implies that the proposed research instrument is capable of collecting information that is required to answer the main research questions posed within a study. The current study was designed to explore the influence of the participation in interest free microfinance programmes on empowerment of the participating women borrowers. The study findings signify the validity of the research instrument since the researcher was able to answer specific research questions posed within this study. The study findings are capable of defending the claim that empowerment is context-based and subjective phenomenon, since the findings show that empowerment indicators did not mean or signify empowerment for the research participants collectively. Hoepfl (1997) has described four areas to judge the quality of qualitative studies: credibility, transferability, dependability and confirmability.

The credibility can be judged from the way the data is collected. In the current study, it refers to the length of time the researcher was engaged with the subject matter understating it from different theoretical perspectives before attempting to start field work (Guba & Lincoln, 1994). Similarly, Hoepfl (1997) has argued that it can be enhanced by using theoretical triangulation. Transferability refers to the extent the study findings can be generalised to an extended population in another context (Hoepfl (1997). However, the present study does not claim to make generalisations because study findings show that empowerment is subjective in nature and people may give different meanings to empowerment with the change of context. Dependability refer to the extent a research process is methodical, rigour and supported by evidence (Guba & Lincoln, 1994; Hoepfl, 1997). In the current study, it was ensured that the information is collected in a consistent way by using an interview guide to stay focused on the research aims. All of the research participants were required to answer similar questions to enhance dependability of the information collected. Finally, confirmability refer to the extent

the researcher's interpretations of the phenomenon have been neutralised in the process of data representation. In the current study, the researcher has ensured confirmability by using direct quotations from the participants' narrative accounts.

3.5 Research Setting

3.5.1 Akhuwat Foundation

This research was undertaken in Pakpattan district of Pakistan with the women borrowers of Akhuwat Foundation, which is the largest IFMI in Pakistan. It was established in Lahore, which is the provincial capital of Punjab province and 15th largest urban city in the world, in 2001 with an objective of lending interest free credit to the poor struggling with meeting basic needs to improve their living standards (Akhter et al., 2009). Since, its inception Akhuwat has adhered to its objectives of social welfare; therefore, it made Akhuwat an interesting area to be explored within the scope of this study. Akhuwats' operations are based on fully Islamic principles of lending and it is the first fully Islamic MFI in Pakistan. It is largely lending on the principles of Qard-e-Hasanah (benevolent loan) and makes it easier for the borrower to structure the repayment schedule, which best suits their financial circumstances (Akhuwat, 2016). Back in 2001, the founder of Akhuwat, Dr. Amjad Saqib, was working at PRSP, which is one of the existing conventional MFIs in Pakistan, and he found that PRSP is charging 20% interest on its loans, which is against the principles of Islamic Law and even higher than the formal banking institutions (Mustafa & Ismailov, 2008). He felt disturbed and started his own microfinance program, whereby the loans have to be made in accordance with the Islamic Law,

and finally in 2001 by lending his first loan of PKR³⁷ 10,000 (equivalent to £80 approximately) to a poor woman, he set the foundation of Akhuwat.

Akhuwat is a registered non-governmental organisation under the Societies Registration Act of 1860, which provides a range of financial services to the poor; who are financially abused, abandoned and disregarded by society (Akhuwat-Microfinance with a difference, 2006). The aim of Akhuwat Foundation is to enable the poor to acquire a livelihood and the skills and support they need to reach their full potential (Akhuwat-Microfinance with a difference, 2006). It is a charity based organisation that raises its funds from civic society in the form of donations (includes Sadaqah, Zakat, Waqf) by using the spirit of volunteerism and the tradition of giving, without relying on the international funding (Akhuwat, 2016). However, it does not really mean Akhuwat is not accepting grants or donations made by international donors since its reports show that some of its expenses are covered by grants received (Akhuwat, 2016). Akhuwat does not charge its borrowers any hidden or extra charges, which is evident from the given cost structure of Akhuwat shown in the table 3-2 below.

Table 3-2 Cost Structure of Akhuwat

Interest	Zero
Loan processing fee	Zero
Application fee	PKR 100 per application
Insurance fee	1 % (voluntarily)

Source: Akhuwat (2016)

³⁷ Pakistan Ruppee

It derives its inspirations from the Islamic concept of Mukhaat (brotherhood) and its vision is stated as ‘a poverty free society built on the principles of compassion and equity’ (Akhawat, 2016). Whereas, the mission statement presented on the webpage of Akhuwat states,

“To alleviate poverty by empowering socially and economically marginalised families through interest free microfinance and by harnessing entrepreneurial potential, capacity building and social guidance”.

Akhawat is the pioneer of interest free microfinance products in Pakistan and now is the largest IFMI in Pakistan, which is serving more than 1.7 million poor borrowers in Pakistan which is more than 40% of the total microfinance outreach in Pakistan (Akhawat, 2016). It implies that Akhuwat is achieving its objectives better than its counterpart-conventional MFIs given the size of the outreach and structure of Akhuwat in comparison to the overall microfinance industry in Pakistan. The table 3-3 has summarised the performance of Akhuwat published by Akhuwat (2016).

Table 3-3 Performance of Akhuwat in Pakistan

Progress Indicator	Total
Total benefiting families	1,716,797
Total loans made to men	1,002,563
Total loans made to women	714,234
Amount of loans made	PKR 34,443,720,142 (£ 2,64,748,041) ³⁸
Repayment rate (Recovery)	99.94%
Active loans	662,472

³⁸ @ £1=PKR 130.1 as of 25/02/2017

Outstanding loan Portfolio	PKR 9, 238, 997, 098 (£ 71,014,582)
Number of Branches	666

Source: Akhuwat (2016)

3.5.2 Key Lending Methodology of Akhuwat

Akhuwat market its loans through awareness campaigns in poor localities and market places as well as through previous borrowers (Akhuwat, 2016). It further introduces its programmes through making announcement in the mosques and churches nearby the potential client locations, where people normally gather for offering their religious duties. This strategy is not just cost-effective but it opens the doors of religious places for socio-economic development (Akhuwat, 2016). In this way, Akhuwat also morally and spiritually encourages individuals to repay the loans. The lending actually starts with a formal application made by the individual looking for the financial assistance and finalised by the designated loan offices who evaluate the financial circumstances of the individual making the application based on individual's reliable social capital, and background check (for criminal and civil offences). This stage is crucial in scrutinising the potential clients; however, Akhuwat particularly look for the people who are living below the poverty line, which means the primary objective of Akhuwat is to reach the poorest of the poor in the society (Akhuwat, 2016).

Following the application approval, Akhuwat discusses the proposed small-scale business plan, either submitted by the individual seeking loan or designed by Akhuwat, with the individual including his family so that whole family know about the loan, supports the business idea and understand the accompanying conditions (Akhuwat, 2016). The plan is particularly reviewed to ensure that it is capable of generating reasonable income beyond the household expenses so that the individual can make repayments easily. If the plan seems feasible, it is forwarded to the loan approval committee for credit appraisal. Finally, the branch manager and the area

manager review the application and make the decision within three weeks. Akhuwat further asks for two guarantors, one could possibly be a family member, who commits to monitor the borrower and persuade him/her for the repayments (Akhuwat, 2016).

The loan disbursements actually take place in mosques and churches 2-3 times a month and 100-150 loans are disbursed at one time and every borrower is required to bring a guarantor to receive the loan money. Loans are distributed in presence of the local community members, representatives of community (such as community members who are responsible for looking after mosques and churches), and Akhuwat personnel including branch and head manager (Akhuwat, 2016). However, Akhuwat further makes sure that the individuals possess reasonable skills to run the business, which it builds by providing occasional educational and training sessions as well as providing platform for group meeting and group learnings.

The loans are usually made for a period of 12 months; however, it may vary depending upon the financial capacities of the borrowers. Akhuwat does not charge any interest on its loans and not even charge penalties on late repayments or loan defaults, yet the borrowers may lose their credibility and trustworthiness in a case of deliberate defaults. The loans ought to be repaid in agreed instalments by 7th of each month and latest by 10th of the same month. The loan officer regularly visits the borrowers' businesses to monitor their progress as well as discuss any problems arising thereof. If the repayments are not made on time, the loan officer visits the borrower to remind him/her for making repayment; he can further contact the guarantor for persuading the borrower for repayments.

Although, Akhuwat initially started its operations based on group-lending methodology, whereby a group of 10 women (called Self-Help Group) was organised in a similar way as of the working mechanism of group lending within Grameen model of Bangladesh, it later phased out group lending methodology and concentrated on individual lending (Akhuwat-Microfinance with a difference, 2006). Phasing out group lending methodology was due to the

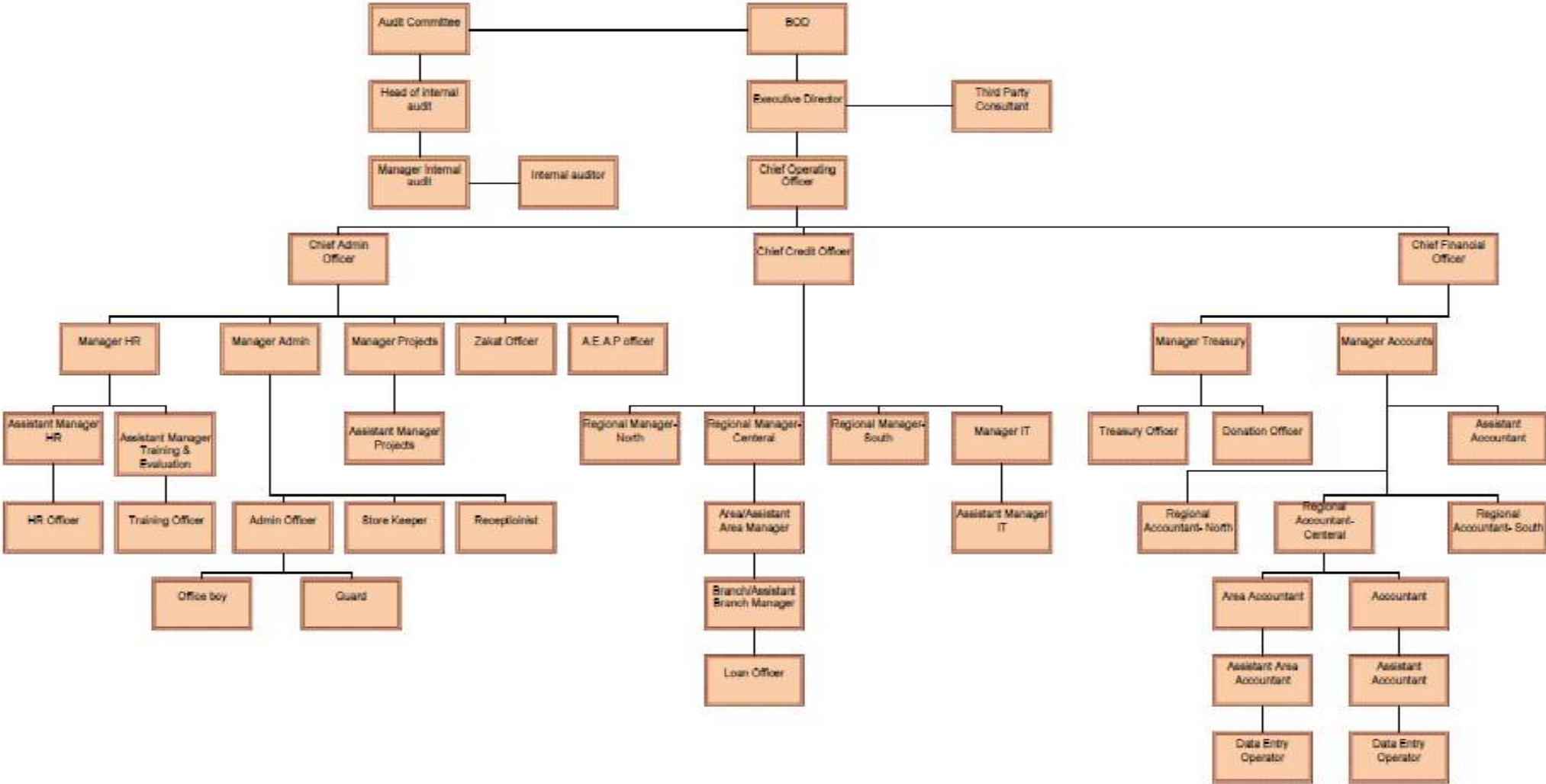
fact that group leaders were abusing their power for including new members into the group by charging commission on the loans received (Akhuwat-Microfinance with a difference, 2006). Moreover, group meetings were costing time and resources especially in situations when repayments had to be collected in the presence of all members. Akhuwat provides a range of loan products including family enterprise loan, liberation loan, educational loan, health loan, emergency loan, housing loan and marriage loan. The present study was primarily concerned with the family enterprise loan; however, if the respondent (woman) had obtained any other loan independently or in conjunction with the family enterprise loan, it does not mean that she was ruled out. Therefore, the researcher has discussed only family enterprise loan here. The family enterprise loans are exclusively designed for helping the borrowers in setting either a new microbusiness or expanding the existing one to support a sustainable livelihood and covers more than 90% of Akhuwat's net loans made in 2016. It typically ranges from PKR 10,000 (£80 approx.) to PKR 30,000 (£240 approx.). In order to be eligible for receiving family enterprise loan, the borrower is asked to come with a viable business plan; however, he/she is allowed to construct it with guidance from Akhuwat's personnel. It is generally intended for the entire family; therefore, Akhuwat does not limit it to be accessible only by either males or females. However, the business is undertaken by only the borrowing member (possessed or acquired reasonable expertise for running the business) since the purpose of including family members is to strengthen the social fabric by involving the whole family in the loan process such that the enterprise becomes a family venture instead of an individual effort (Akhuwat, 2016).

3.5.3 Organisational Structure of Akhuwat

Akhuwat is run by 17 Board of Members consisting of philanthropists, civil servants and businessmen (Akhuwat, 2016). This Board is generally responsible for looking into the internal

affairs of Akhuwat such as framing and approving policies, providing help and guidance and addressing different matters. The board of Members hold a quarterly meeting to discuss and review the operations of Akhuwat in the last quarter as well as any other issues coming to the surface. The Board of Members further contribute by offering their services for marketing and branding Akhuwat financial products at various platforms. There is also an Executive Committee that holds meetings on monthly basis to discuss and review all operational and administrative issues of Akhuwat. The Executive Director of Akhuwat Foundation is Dr. Amjad Saqib who is also a famous social worker as well as development expert. The organisational chart is shown in the figure 3-1 below.

Figure 3-1 Organisational chart of Akhuwat



Source: Akhuwat (2016)

There are four main departments in Akhuwat namely: Admin and HR Department, Credit Department, Finance and Accounts Department and Internal Audit Department. There is also a Chief Credit Officer who handles all IT related issues. There is one Chief Operating officer who receives report from all other departments except the internal audit department and is accountable for reporting to the Executive Director. There are other approximately 800 employees who are working in different department. Since the inception of Akhuwat, the Board of Members as well as the Executive Director works on honorary basis since they believe that taking salaries out of donations is an unethical act. In this way, the top management works only out of benevolence without any self-financial interests (Akhuwat, 2016). Akhuwat promotes the culture of volunteerism that brings in many student and other community members to serve in collecting donations and other fund-raising activities. The expert volunteers' further help in training and educational events held by Akhuwat on regular basis, which helps in keeping the training and educational costs low since Akhuwat is an interest free organisation. Moreover, Akhuwat has kept its costs low by encouraging its employees to use public transportation or personal vehicles (for which they however get reimbursements) instead of organisation's vehicle. In fact, Akhuwat does not have any vehicle in the name of organisation and even its offices are very simple with only basic furniture to keep the expenditures down to a least possible level (Akhuwat, 2016).

The head office is accountable for planning, managing and organising various projects and activities as well as for allocating funds to different departments as per credit needs. The Credit Control Officer manages 3 regional managers who in turn manager 7-10 area managers. The area managers run 5-10 branches of Akhuwat and run the field operations of Akhuwat Foundation. Few branches even have a steering committee consisting of 8-10 enthusiastic and efficient employees who live nearby and monitor the functions of the branch in mobilising the funds in respective area.

3.6 Instrument development

In order to design a better interview protocol for answering the main research question posed within this study and achieve the defined objectives, an interview protocol was prepared to be pilot studied to refine the data collection instrument before implementing it at final stage data collection.

3.6.1 Designing interview guide

In designing the interview guide for testing its viability and validity, it was ensured that it reflects on the research questions, aims and objectives. In addition to this, the care has been taken to reflect on the main themes discussed and highlighted in the phase of reviewing the theoretical as well as empirical literature on women empowerment and microfinance. Further to this, a number of existing studies have also been consulted, which centres on microfinance and women empowerment including Aslanbeigui et al. (2010), Drolet (2010), Ganle et al. (2015), Geleta (2016), Goetz & Gupta, (1996), Guerin et al. (2013), Hashemi et al. (1996), Krenz et al. (2014), and Nawaz (2015). In the process of preparing the interview guide, the researcher has also consulted studies guiding on writing interview protocols such as Jacob and Furgerson (2012) and Saunders et al. (2009). In so doing, the study has found three types of questions namely: open ended (for defining or describing a situation), probing (to further explore responses) and close ended questions (seeks specific information) that can be included in the interview protocol specifically designed for semi-structured interviews. Jacob and Furgerson (2012) has provided guidance not only for writing interviews but for conducting interviews as well, which were carefully undertaken to proceed with both writing interview guide and conducting pilot-study interviews. Moreover, the researcher's supervisory team also provided useful insights for writing an effective interview guide. These sessions have been

very productive in aligning the interview questions with the overall aim of this study. The interview protocol consisted of three main sections apart from the introductory section as listed below:

1. Knowledge and aspects of interest free microfinance programmes
2. Capturing women's perceptions on what empowerment means in their respective lives and their preferences for being empowered
3. Understanding how participation in IFMPs affected women borrowers' lives

The first sections as the title suggests allowed participants to talk about their participation in IFMPs such as how they come to know about it, how they decided to participate and what they were expecting from participating in IFMPs. In the protocol, there were 21 questions supplemented with a range of prompts to be used for exploring how women give meaning to the phenomenon of empowerment in their respective lives and how participation in IFMPs has influenced their lives. Existing literature has also been consulted to choose potential prompts to probe research participants to reflect on different aspects of their lives (for instance: Ganle et al., 2015; Geleta, 2016; Hashemi et al., 1996 among others). The interview guide was translated from English to Urdu; however, the actual interviews were conducted using both Urdu and Punjabi language in accordance with the respondent's first language. The interview guide was tested with women borrowers of Akhuwat in the second year of this study, which helped to refine and improve the research instrument before final stage implementation. The purpose of the pilot-study was to find out whether the selected interview questions can help in obtaining adequate information for answering main research question or not. It was implemented with four participants chosen on the same criteria discussed in the sampling stage.

3.6.2 Implementing pilot study and refining research instrument

described two different uses of pilot studies in social sciences: “feasibility studies (small-scale versions or trial runs, done in preparation for the major study and a ‘pre-testing study’ or ‘trying out version’ of a particular research instrument (2002, p. 1)”. Many studies recommend doing a pilot-study before conducting the final stage data collection to identify and correct potential issues or problems, thereof, in the interview protocol (Teijlingen & Hundley, 2002). It provides a kind of feedback to the researchers on the viability and validity of the research instrument in answering the main research questions. Therefore, it was aimed at designing a better interview protocol for conducting the final stage interviews in this study. It was tested with four women borrowers’ of Akhuwat Foundation being recommended by Akhuwat staff; however, only three interviews were used for initial data analysis. The fourth interview did not qualify for being included in the data analysis; however, it helped to identify potential areas for revisiting the interview protocol.

Before conducting pilot-study, ethical approval was obtained from the respective ethical committee of the University of Salford, which is attached as an appendix at the end of this report. Since this study was concerned with humans rather than objects, it was important to consider the ethical issues (maintaining privacy and confidentiality) in the course of conducting interviews. The importance of ethical issues, particularly for qualitative researchers, has been extensively emphasised by many authors (see for instance, Creswell, 2007; Crotty, 1998; Guba & Lincoln, 1994; Mertens, 2014); in fact, it is a compulsory component of designing a research framework for qualitative studies. The ethical approval application for present study was supplemented with a number of documents including proposed interview protocols, participant invitation letter, participant information sheet, and informed consent form etcetera. It shows researcher’s commitment to practice ethical standards in the course of conducting research on living objects. The process of obtaining ethical approval was somewhat challenging but it was

worthy of the efforts taken. In the meanwhile, the researcher obtained permission from the participating IFMI, Akhuwat Foundation, for carrying this study with their women borrowers’.

Before implementation of pilot study, the researcher visited Pakistan to engage with the field work and recruit research participants for pilot study and correspond with concerned staff from Akhuwat at its head office in Lahore, Pakistan. The research aims and objectives were communicated to the corresponding personnel and a plan was presented for executing field work at pilot study stage and final study stage. The researcher spent more than a month in Lahore to engage with the staff as well as Akhuwat borrowers. However, by then, the researcher had not received ethical approval from Salford university ethical committee; therefore, the researcher could not initiate interview process due to pending ethical approval. Yet, it gave an opportunity to discuss in detail the research plan with the corresponding IFMI in Pakistan, which included the identification and recruitment of research participants for pilot study and correspondence with Akhuwat’s branch in Pakpattan district. It included visits and conversation with the field officers in Lahore and Pakpattan. By the time, pilot study interviews were conducted; however, the researcher was back to England. The researcher had limited time and financial resources, which prevented him to lengthen his stay in Pakistan. Soon after obtaining ethical approval, the pilot study interviews were undertaken over the telephonic. At the pilot study stage, the researcher has also recruited a research assistant in Lahore as well, who helped in arranging interviews with the research participants in Lahore; while, the main researcher was in England. Sweet (2002) has recommended this method by arguing that telephonic interviews can be equally important in interpretative phenomenological study since it is an economically valuable data collection technique pertaining to the wide use of telephonic technology in the more recent years. However, in describing the strategies for successful telephonic interviews, Farooq (2015) has also mentioned that, “telephonic interviews, with its lack of visual contact between interviewer and interview, is shunned by traditionalists and is

regarded as inferior”. Similar issues have also been faced during interviewing women over the telephone. The limitations of pilot study have been discussed in the following paragraph.

First, the research participants were identified by an Akhuwat officer, which could have given an impression of the researcher being conducting interviews on behalf of Akhuwat. As a consequence, it may have affected women’s behaviour to respond to certain questions asked. Second, due to telephonic interviews with an unknown and unseen person, the participants did not agree to voice-record the interviews. Only one interview was conducted at participants’ business place, while the rest of three had been conducted at Akhuwat’s head office in Lahore, where the participants were requested by Akhuwat’s staff to participate than being identified directly by the main researcher or the research assistant in Pakistan. It is important to acknowledge that the research assistant played a vital role in the testing phase of this study. He managed to arrange all interviews and contacted the main researcher as soon as the participants become available and showed their consent for participation. It was the research assistant who took the responsibility of making copious research notes to be transcribed later on allowing the main researcher to lead the interview. Although, the research assistant had allowed the main researcher to focus on uninterrupted interviews; it was a potential limitation of this pilot-study. The demographic characteristics of research participants who participated in pilot study are shown in the table 3-4 below.

Table 3-4 Demographic features of pilot study participants

Pseudonym	Age bracket	Household	Member of Akhuwat for (years)	Source of income
Abida	40-50	Single (widow) with 5 dependent children	More than 5	Micro-business (shop)
Fakhira	40-50	Couple with 3 dependent children	Less than 5	Microbusiness (cloth business running from home)
Sajida	40-50	Single (widow) with 4 dependent children	less than 5	Micro-business (shop)

Source: The researcher

All participants in the pilot study were women borrowers of Akhuwat who have taken family enterprise loan for establishing either a new business or support an existing one. All women were married and running their businesses by themselves. Two participating women have been with Akhuwat for less than five and one with more than 5 years. The names of women have been changed by using the first letter of every woman; for example, Mariam was replaced with Maria. All women were of 40-50 years old. All of the women have also received education and training sessions from Akhuwat and have been attending group meeting at Akhuwat loan centres; however, the loans were based on individual lending methodology. The purpose of the meetings was to provide women opportunity to familiarise with other women borrowers as well as learn from fellow members enterprise and socio-personal skills. Abida has received a loan of PKR 40,000 and she was paying back in instalments of PKR 2,000 per month. She had paid 9 instalments by the time of the interview. She was running a vegetable shop and had also received three marriage loans for marrying her three daughters in the last 5 years but has successfully returned the marriage loans. She has taken loans for than 5 times. The other participant Sajida received an enterprise loan in conjunction with educational loan for her daughter. The total amount of the loan was PKR 100,000 and she was paying back in monthly instalments of PKR 5,000. The third participant, Fakhira, has received a loan of PKR 10,000

and was paying back in monthly instalments of PKR 1,000. She took this loan for her new business of selling clothes from home.

Overall, the research instrument was successful to achieve the objectives of conducting a pilot study since the interview questions were very clear and participants felt confident in answering most of these questions. They were able to understand and respond accordingly. Although, the participants have generally been able to explain the phenomenon, it has been recognised that, due to telephonic conversation, at certain points during the conversation, the participants were reluctant in articulating and communicating their answers in an expressive and reflective manner, which is a crucial factor as suggested by Burnard et al. (2008). However, it justifies researcher's stance of direct involvement in identifying and recruiting information-rich participants for the final stage implementation, which is consistent with the philosophical stance discussed earlier in this chapter.

The pilot study findings show that the results have largely been consistent with the aims and objectives of this study. It enabled the researcher to understand contextual aspects of empowerment phenomenon, the process of obtaining loans, features of the programmes and effects of participation in such programmes on the women borrowers' lives. It also helped to capture the length of time, it may require carrying out each interview in the final implementation stage. It boosted researcher's confidence to execute final stage fieldwork. Based on the pilot study findings, the research instrument was revisited with an aim to further improve this. For instance, initially the interview guide used synonymous terms for the term 'women empowerment' such as stronger, secure, powerful; however, it was later decided to use direct translated term for women empowerment to capture true sense of the phenomenon of women empowerment. However, it was noticed that women participants were not educated, which was true for majority of the women borrowers of Akhuwat. Therefore, the researcher decided to keep synonymous terms to women empowerment, to use where necessary, to enable

poor and uneducated women borrowers understand and respond effectively to the research questions. Considering the profile of the pilot study research participants, the initial plan to disseminate invitation letters, research participation information sheets and consent forms was revisited as well. Although, documents were sent in advance to each participant, that included copies of research participation information, invitation letter, and consent form in the implementation stage, 30 minutes were added to directly (face-to-face) communicate the purpose of this study and nature of information required from the participants. The plan to obtain written consent was also changed to tape-record verbal consent; since, these women had taken small loans and requiring these poor and uneducated women to sign consent forms may affect their behaviour to respond or even participate in the interviews. The pilot study also helped the researcher to add useful prompters relevant to the Pakistani context. The interview guide was re-written to drop any leading questions from the interview guide. The number of questions were also reduced to allow the research participants to describe the phenomenon explicitly. The assumptions of capability approach were integrated in to the third section of the interview guide to understand empowerment based on what they value for being empowered.

3.7 Participants' demographic characteristics

In order to collect the field data, the researcher purposefully selected 39 eligible women borrowers who had participated in the IFMPs provided by Akhuwat in the Pakpattan district, Pakistan. After selecting the sample, these women borrowers were requested to be interviewed by inviting them to participate in the research process. Out of 39 women selected, 33 women borrowers consented to participate in the interview process; whereas, 29 women borrowers, who has participated in IFMPs of Akhuwat, finally completed an interview. The other four women, who consented earlier for participation in the research, later declined to participate by stating personal reasons for non-participation. The key demographic characteristics of the

women borrowers of Akhuwat, who participated in the research process, are summarised in the table 3-5.

The second row of the table 3-5 describes the age of the women borrowers who participated in this study. Out of this sample of 29 women borrowers of Akhuwat, majority of the women borrowers (n=11) were aged between 36-40; whereas, the average age of the participants was 37 years. More than 75% (n=22) of the women borrowers belong to the age group 31-45, which indicates that majority of the borrowers interviewed were mature women. The third row of the table 3-5 highlights the educational background of the participants. It shows that 48% (n=14) of the women borrowers of Akhuwat never attended any schooling; whereas, 17% (n=5) of the women borrowers were educated up to the 5th standard and another 17% (n=5) up to the 8th standard. Among this purposeful sample of 29 women borrowers of Akhuwat, only 11% (n=3) of women were educated up to the 12th standard.

Majority of the women borrowers (n=25), who participated in this study, cited Punjabi as their mother tongue; whereas, only 3% (n=1) stated Sindhi as their mother tongue. The other 11% of the women borrowers (n=3) acknowledged Urdu as their mother tongue, which is the national language of the country as well. Although, all women, who participated in this study, were able to speak and understand Urdu but majority of the women were more comfortable with Punjabi as medium of communication. Considering this, the researcher conducted the interviews in Punjabi whenever and wherever it was more convenient for the women who participated in this study. Since, the primary language of the researcher was Punjabi as well; therefore, it did not create any problem for the researcher to conduct interviews either in Punjabi or Urdu.

Among these participants, majority of the women (86%) declared their marital status as married. Only 3% (n=1) women borrowers, out of this sample of 29, stated that they are single and another 11% (n=3) declared their status as widow. Out of 29, 52% (n=15) of the women

borrowers had number of children ranging from 0-3 and 48% (n=14) between 4-6. The average family size of the sampled women borrowers was 8; however, majority of the women borrowers (69%) were living in a joint family system. Among this sample, 79% (n=23) of the women mentioned their husbands as head of the family. Only 11% women (n=3) declared themselves as head of the family, who were looking after household affairs independently. With respect to the husband's profession/occupation, 79% of the women (n=23) described their husband's occupation as self-employed that means they were doing some kind of micro-businesses such as running a bike repair shop, selling vegetables on street carts, or having a meat stall in the market etcetera.

Out of this sample of 29 women borrowers, majority of the women (48%) were full-time housewives, who were only responsible for upbringing the children and managing the household. Whereas, 35% (n=10) described themselves as micro-entrepreneurs and other 17% (n=5) mentioned that they were doing some kind of job to make their livelihoods. Out of the 10 women, who described themselves as entrepreneurs, 4 women were running a parlour centre and 4 women were selling clothes at home. The other two women participants were engaged in micro-businesses of tailoring and embroidery respectively. Out of the other 5 women participants, who were employed, 3 women were teaching at primary schools and the other 2 women were working as a housemaid. A breakdown of demographic features of the participants is given below in the table 3-5.

Table 3-5 Breakdown of demographic characteristics of women borrowers

Participant attributes	Number of participants Total=29	Percentage of total (Approx.) N=29
Age of the participants:		
18-25	1	3%
26-30	3	11%
31-35	7	24%
36-40	11	38%
41-45	4	14%
46-50	2	7%
>50	1	3%
Formal education:		
No-Schooling	14	48%
Up to 5 th standard	5	17%
Up to 8 th standard	2	7%
Up to 10 th standard	5	17%
Up to 12 th standard	3	11%
Mother Tongue:		
Punjabi	25	86%
Sindhi	1	3%
Urdu	3	11%
Marital Status:		
Married	25	86%
Single	1	3%
Widow	3	11%
Number of Children:		
0-3	15	52%
4-6	14	48%
Family Size:		
2-4	1	3%
5-7	11	38%
8-10	10	35%
11-13	7	24%
Head of the household:		
Self	3	11%

Husband	23	79%
Father	1	3%
Son	2	7%
Family Type:		
Nuclear	9	31%
Joint	20	69%
Husband status:		
Deceased	3	11%
Employed	1	3%
Unemployed	1	3%
Self-employed/business	23	79%
Other (single women)	1	3%
Women entrepreneurs	10	35%
Women in job	5	17%
Homemakers	14	48%
Micro-business Type (women):		
Parlour	4	14%
Selling Clothes	4	14%
Tailoring	1	3%
Tailoring and Embroidery	1	3%
Job Type:		
Teaching	3	11%
Housemaid	2	7%

Source: The researcher

3.8 Key loan characteristics and features of study participants

The loan characteristics vary among the women who participated in this study; however, the researcher has gleaned key information from the data collected. Out of the purposefully selected sample of 29 women borrowers of Akhuwat, 48%. (n=14) women had received loans either 4 or 5 times; whereas, 38% (n=11) had received loans from 1 to 3 times. Among these women borrowers, 14% (n=4) had been a member of IFMPs for than 5 years. This information

was collected from the participants and was not verified from the Akhuwat office to avoid compromising the confidentiality of the women borrowers who participated in this study. Moreover, the information provided by the participants was considered final since they were the end users and had an experience of participation in the IFMPs provided by Akhuwat in Pakpattan district, Pakistan. Further to this, it was assumed that a marginal difference due to recalling the number of years these women had participated in the microfinance programmes offered by Akhuwat, may not influence the results considerably. On average, the number of loans received by the women borrowers of Akhuwat, who participated in this study, was 4. All of the participants had taken an enterprise loan, which is called ‘Karobari Qarza’ in the local language. Theoretically, it is based on the principles of Qard-e-Hassan, which is discussed in detail in the second chapter.

All of the participants (100%) had received a group loan, whereby, all group members bear a collective responsibility to return the loan. It works in a similar fashion as to the group lending methodology adopted by traditional microfinance providers as discussed earlier in the second chapter. In order to minimise the impact of adverse selection, the participants are required to make a group of women who belong to the same area (ideally neighbourhood) and who stand as guarantors for each other. The group members bear a collective responsibility to return the loan on time and in the manner set by Akhuwat. To mitigate the moral hazard, they also are collectively responsible for paying the loan in case of default of any of the group member. Further to this, each member of a group is required to present an additional external guarantor who must be a blood relative of the borrowing woman such as her husband, father, son or a brother. Moreover, the guarantor must be engaged in a business or income generating activity. In simple words, the external guarantor is required to be capable of returning the loan amount in case of default of the borrowing woman.

The size of the group varied from one group to another with a minimum of 3 and maximum of 5 members in a group. With respect to the gender of the group members, all of the group members were women irrespective of the size of the group. However, a male can also become a member of the group if permitted by Akhuwat as reported by 2 participants of this study. Yet, none of the participants had a male group member at the time of data collection for this study. The loan size varied not only among the participants of this study but among the members of a same group as well. A major factor, contributing to this variation, was the number of years a woman had been a member of Akhuwat's IFMPs. Progressive lending feature, of the loans offered by Akhuwat, allowed the borrowing women to get a bigger loan in the next year provided they have returned the current loan successfully.

Among the purposefully selected sample of 29 women borrowers, 35% (n=10) of women had received PKR 30,000 (£200)³⁹, 27% (n=8) women had received PKR 20,000 (£133), 24% of women (n=7) had received PKR 25,000 (£167), and remaining 14% of women (n=4) had received PKR 15,000 (£100) at the time of their participation in this study. The new members are more likely to receive only PKR 10,000 in the first year of their participation in IFMPs of Akhuwat as reported by majority of the participants. However, some other participants also shared the fact that they had received more than PKR 10,000 in the first year of their participation in the loan programmes offered by Akhuwat. It was further explored but the participants could not provide any significant reason or criteria for obtaining an initial loan of more than PKR 10,000. All of the participants were repaying the loans via monthly instalments; however, the number of monthly instalments vary among the participants. Majority of the participants were repaying the loans in 12 monthly instalments (yearly loans); whereas, few other participants were repaying in 16 or even 20 monthly instalments. When the researcher

³⁹ As of 07-01-2018. The figures are rounded to the nearest whole numbers.

delved into this, it was revealed that Akhuwat allows the participating women borrowers to spread the instalments over a period that is most convenient to the participating women borrowers.

All of the participants had paid their previous loans in full to obtain the current loan at the time of data collection for this study. Among this sample, nearly half (48%) of the respondents (n=14) stated that their husbands used the loan money, 38% (n=11) used the money themselves, 7% (n=2) handed the loan money to their sons, and other 7% (n=2) stated that the loan money was used both by their husbands and themselves. In response to a question related to the purpose of participation in the IFMPs of Akhuwat in Pakpattan district, 93% (n=27) participants stated that the basic purpose of applying for these loans and participation in these microfinance programmes was to initiate an income generating activity. Whereas, the remaining 7% (n=2) participants stated that they applied for these loans to pay for household expenditures. In another question related to the loan utilisation and the money spent, 83% (n=24) participants actually utilised the money (particularly, of their first loan) for income generating activities by investing in their personal or family micro-businesses, 14% (n=4) used the loan money exclusively to pay household expenditures such as buying medicine for their children or children marriages, and 3% (n=1) participants used the entire money to pay off another debt.

However, the data also indicated that the loan money was partly used by few of the participants for making personal and household expenditures at several occasions in the subsequent years of participation in the IFMP of Akhuwat. Yet, it was not explicitly reported by majority of the participants of this study. For instance, Pakeezah said that, in the first year of her participation in this loan programme, she used the money to buy a wheel cart for her husband; however, she did not clearly describe the utilisation of loans in the subsequent years. Similarly, Sehar told that she first used the loan money to buy a second-hand rickshaw for her husband but she did

not explain the use of loan money in the subsequent years. Although, the researcher included follow-up questions to further probe into this, he did not want to give the impression that he was doing some kind of investigation on behalf of the organization (Akhuwat). Therefore, the researcher avoided probing deeply where the participants were not comfortable in answering the questions. However, by establishing a rapport with the participants, the researcher was able to glean pertinent information regarding the loan utilisation.

Among the participants of this study, 27% women had also an experience of participation in either formal bank loan programmes or traditional microfinance programmes offered by other MFBs or MFIs in the Pakpattan district of Pakistan. On the comparison, over a quarter of the participants 73% had never participated in loan programmes offered by other MFBs, MFIs or formal banking institutions. All of the participating women, who had taken loans from formal banking sector or other MFBS or MFIs in Pakpattan district, had paid/had been paying interest on those loans. The major purpose of asking this question was to understand the exposure of the participants of this study to the formal loan programmes and how it has shaped their experiences after participation in the IFMPs. In responding to another follow-up question, associated with the reason of participation in more than one loan programmes, the participants described that they take loans from other banks to support their businesses or household finances because the loan money offered by Akhuwat is insufficient to deal with financial affairs of their small businesses and household expenditures.

According to the narrative built by the participants, inflation has drastically mounted over the last few years, which has hugely impacted the prices across all consumer products including vegetables, fruits, grocery items, and utility bills. On the comparison, the amount of loan offered by Akhuwat has not changed in years. Among the participants of this study, the highest amount of loan offered and approved by Akhuwat was PKR 30,000 regardless of the number

of years they had been participating in the loan programmes of Akhuwat in the Pakpattan district.

Out of this purposefully selected sample of 29 women borrowers of Akhuwat in Pakpattan district, 48% (n=14) participants came to know about IFMPs of Akhuwat from their neighbours, 17% (n=5) of the participants mentioned that they had been approached by the Akhuwat mobilization team, and 31% (n=9) participants stated that they came to know about these loans from both (Akhuwat mobilization team and neighbours. Only 3% of the participants (n=1) mentioned that they came to know about Akhuwat from their friends or relatives. Majority of the participants (93%) informed they did not meet their group members on regular basis; whereas, the other 7% (n=2) had been meeting their group members on regular basis. Notwithstanding, the participants had not been discussing their business affairs during those meeting but the household trivial matters. None of the participating women borrowers acknowledged any regular meetings with the staff of the Akhuwat. This information is presented with the help of table 3-6 below.

Table 3-6 Breakdown of loan characteristics of women borrowers of IFMPs

Loan attributes of women borrowers	Number of participants	Percentage N=29
Number of loans received:		
1-3	11	38%
4-5	14	48%
6-7	3	11%
>7	1	3%
Loan Type:		
Group	29	100%
Individual	0	0%
Loan Size:		
PKR 15,000	4	14%
PKR 20,000	8	27%

PKR 25,000	7	24%
PKR 30,000	10	35%
User of the loan:		
Self	11	38%
Husband	14	48%
Both	2	7%
Son	2	7%
Purpose of the loan:		
To initiate income generating activity	27	93%
To use in expenditures	2	7%
Loan utilisation:		
Used to initiate income generating activity	24	83%
Used for expenditures	4	14%
Used to pay-off another loan	1	3%
Has/had participated in another loan programme of other banks:		
Yes	8	27%
No	21	73%
Business training received from Akhuwat:		
Yes	0	0%
No	29	100%
Educational session received from Akhuwat:		
Yes		
No	0	0%
	29	100%
Informational sessions received from Akhuwat:		
Yes	7	24%
No	22	76%
How did you come to know about IFMPs?		
Akhuwat mobilization team	5	17%
Neighbour	14	49%
Neighbours/Akhuwat mobilization team	9	31%
Relative or friends	1	3%
Regular meetings with group members:		
Yes	2	7%

No	27	93%
Regular meetings with Akhuwat staff:		
Yes	0	0%
No	29	29%

Source: The researcher

3.9 Chapter Summary

In this chapter, the researcher has described the research methodology adopted for this study in detail. At the outset, this chapter presented the researcher's views on ontological, epistemological and axiological positioning of this study. It is informed by the interpretivist paradigm of conducting a research, whereby the researcher believes that the reality is multiple and socially constructed by the individuals who experience it. It further emphasised on the role of researcher in conducting this study as being an interactive and committed to adhere to the ethical standards of conducting research with human beings. Following this, this chapter has presented the interpretivist's ontological and epistemological stance, as well as the research methodology (phenomenology). It is followed by explaining the qualitative research methods adopted in this study for primary data collection: semi-structured interviews and participant observation. In explaining research methods, the researcher has illustrated the sampling strategies of purposive and snow-ball sampling along with providing sufficient reasoning for why these were useful within the scope of this study. It is followed by presenting the research setting within which this research was planned to be carried out. The researcher has also talked about the pilot-study conducted for testing the viability and validity of interview protocol along with discussing the challenges faced in this phase. Lastly, the researcher has presented the key demographic characteristics of the participants who took part in the final stage data collection as well as the key loan features and characteristics of the research participants.

Chapter 4 Findings and analysis

4.1 Introduction

This chapter has presented the findings and analysis of the semi-structured interviews of the women borrowers of IFMPs offered by Akhuwat in Pakpattan district, who had participated in this study. The findings are illustrated with the help of themes identified and categorised in response to the two main research questions posed within this thesis. The dominant themes, identified in this thesis, are primarily interpreted by the women borrowers based on their lived experiences of participation in IFMPs in Pakpattan district. It was supplemented with the researcher's interpretation of the interpretations of the participants to perform the data analysis. This study had two main objectives: (a) to explore women's perceptions on empowerment in a specific-context of Pakpattan district and (b) to explore and examine the influence of participation in IFMPs on empowerment of women from the borrowers' perspective. Therefore, it was beyond the scope of this thesis to examine, assess or evaluate the performance of IFMIs in Pakpattan district or how successful these IFMIs had been in achieving their organisational and social objectives in Pakpattan district.

4.2 Themes of perceptions on women empowerment: First research question

This section has presented the themes emerging in response to the first research question: how do the women borrowers of IFMIs perceive empowerment in a context relevant to their lives? The aim of exploring women's perceptions on empowerment was to identify context-specific (women) empowerment indicators or dimensions they (women borrowers) may value and have reasons to value, which is the core reasoning of capability approach the researcher has adopted

in this thesis to explore the phenomenon of women empowerment within the microfinance context. It was informed by the argument that the conventional mainstream empowerment indicators, drawn from the literature, as employed by majority of the existing studies in this respect, may represent empowerment in one context but may not mean or signify empowerment with the change of context. Therefore, the preference had been given to the participants of this study to interpret how they perceived empowerment in their respective lives, what they valued for being empowered, how they gave meaning to this phenomenon of empowerment and what constituted empowerment of women in the context of Pakpattan district. The researcher's interpretations are, therefore, drawn from the subjective preferences and experiences of the research participants.

The research participants were encouraged to articulate empowerment and an empowered woman in their own words by endorsing that there are no right or wrong answers to this question. It was found that majority of the research participants were unfamiliar with the English term 'women empowerment'; therefore, an Urdu translated term was used to ask questions with respect to empowerment of women. Where required, comparable simple Urdu words were used to make it convenient for the women participants to articulate their views; yet, few among the research participants struggled to give meaning to what empowerment meant in their lives. Interestingly, many of the women, who participated in this study, were able to describe this construct deftly. Few of the descriptions are quoted below to illustrate how the participants of this study construed an empowered woman:

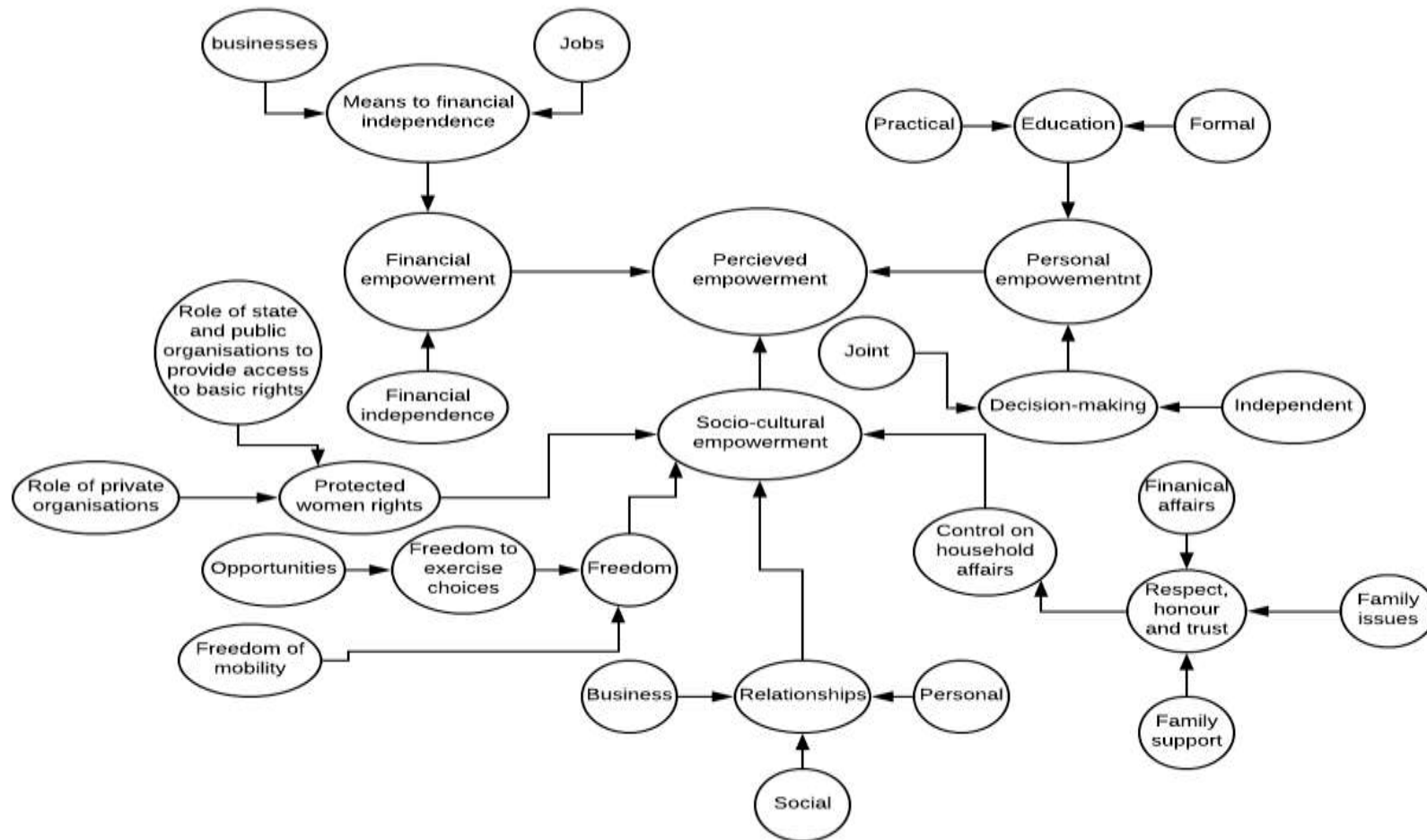
“An empowered woman is one who can manage things on her own, who can buy things from the market independently, who can look after her life affairs on her own, who can make her decisions independently and who can distinguish between good and bad things is an empowered woman.” (Fakhira)

“I would say, an educated woman who is financially stable, who can efficiently look after her household affairs, who can give a better future to her children, a woman who has freedom of mobility and freedom of expressing her opinion, a woman who has freedom to make decisions is an empowered woman.” (Sehar)

“A woman who is strong, who is educated, who is capable of making decisions, and who is capable of making right and intellectual decisions, who loves her husband, loves her family and children, a woman who is loyal, religious and pious. Such a woman, in my opinion, is an empowered woman.” (Zobia)

It is reflected in the above cited statements that the research participants perceived empowerment as a multi-dimensional phenomenon. They talked about different aspects and domains of empowerment based on what they see and experience in their lives. In order to make sense of the data, the participants’ views are grouped together and discussed under broader themes of personal empowerment, financial empowerment and socio-cultural/political empowerment. The figure 4-1 below illustrates how different ideas were connected to make superordinate themes from subordinate themes to conceptualise empowerment perceived, understood and articulated by the women participants of this study.

Figure 4-1 Mind-mapping empowerment perceived by the women participants



Source: The researcher

4.2.1 Personal empowerment

The research participants argued that an individual's potential to take initiatives is the most important aspect of empowerment, which is named personal empowerment in the present study. Personal empowerment refers to the capabilities of the individuals to plan and prioritise personal goals and take initiatives to transform set goals into achievements. It is established from the literature that these capabilities act as agents of women empowerment, which has been discussed earlier in the chapter 2. In the empowerment literature, as discussed in section 2.6, it is recognised as women's agency or power-within that is responsible for effectively utilising available resources and skills to take advantage of the available opportunities to achieve the set-goals. It also refers to the capabilities of the individuals to effectively utilise different skill-sets to combine efforts with individuals, groups, or organisations to achieve the set goals. Under the current theme, qualities of personal empowerment, as articulated by the research participants, are discussed.

4.2.1.1 Being educated is being empowered

Within the context of giving meaning to empowerment based on their lived experiences of what they see around them, the participants of this study collectively recognised education as the most important aspect of women empowerment. Consistent among the women, who participated in this study, was the acknowledgement that being educated means being empowered. Nailah, one of the research participants, argued that she was able to establish her personal business because she was educated, although she had only finished matriculation. Education provided Nailah freedom (ability to pursue or realise) to exercise an opportunity of transforming potential functionings into achievements. Another participant, Sara, substantiated this view by describing an empowered woman as 'an educated and well-mannered woman'. By well-mannered, Sara meant that a woman who knows how to behave and act in a certain

situation, which supports the argument maintained by many other participants that an educated woman can make a distinction between the rights and the wrongs in taking decisions that affect her own life as well as the life of others associated with her. Ashley, another participant, reflected on this by arguing that an educated woman is one who is ‘sensible and knowledgeable’ and has manners to deal with everyone. It is noted that a nexus has been established by the participants between education and other important dimensions of empowerment and even with success in their personal and business lives. One of the participants’ reflected on this by pointing to the difference, which many other participants spoke of as well, between an educated and an uneducated woman with the help of a typical example.

“There are too many things that can only be done better by an educated person. For instance, if I go to the market to buy things for my parlour, I see everything written in English on the packaging. I can only make a good buying decision, if I can understand English; otherwise, I’ll have to rely on the shopkeeper’s remarks about such a product. An uneducated woman won’t be able to buy such things even if those things are in front of her. It will be the biggest hurdle in the life of an uneducated woman because she will have no self-confidence. (Fakhira)

The research participants articulated that education is a pre-condition for empowering women and they had reasons to value education for being empowered. They argued that education makes a woman vigilant of her circumstances be it financial, social or political. An educated woman can better manage and organise the household affairs including child rearing, children education and household financial matters. One of the participant linked education with the social status of a person by asserting that there is no respect, honour and value of an uneducated person in our society. Another participant, Zobia, argued that education makes a person sane and associated education of children with an educated mother. Another woman highlighted that

education is important for a woman because she has to go to another house to set-up her own family after marriage.

Interestingly though, it is noted that more than half of the women, who participated in this study, also considered having practical education (vocational skills such as tailoring, stitching or embroidery) important for women in the context of Pakpattan district. Their arguments have been analysed to understand why they valued this aspect and what reasons they had to value practical education. In this respect, the major argument put forward by the research participants is that, in small cities, women are generally, not allowed to go for higher education, particularly, in poor families either due to lack of affordable educational facilities or traditional norms set in the poor families. Moreover, particularly in poor families as indicated by the participants of this study, people focus more on educating the boys due to the prevailing perception that the boys will become the breadwinners in the future. Further to this, the poor are financially incapable of sending their children to larger cities for obtaining higher educational degrees; therefore, they generally tend to educate their children, particularly, boys up to 10th or 12th standard. One of the participant, Bushrah, who had only finished primary school, shared that she wanted to get higher education but her family did not allow this. Saira endorsed this by arguing that women's education wasn't important when she was a child; therefore, her parent did not allow her to get education. Similarly, Nabeelah mentioned that her parents did not have resources to educate her, subsequently, she was married when she was very young and did not get the chance to obtain higher education.

It is also reflected in the demographic data, which shows that nearly half of the women borrowers of Akhuwat in Pakpattan district, who participated in this study, never attended any schooling; whereas, 17% of the women borrowers completed primary schooling and another 17% had an education up to the 8th standard. Only five women had passed matriculation (10th standard) and three had studied up to 12th standard. However, in the job market, it is not

considered an adequate level of education because of that the children, particularly females, of poor families do not qualify for good jobs. Moreover, due to the prevailing patriarchal culture, generally in small cities, the women are either restricted or limited to enter the job market. It is reflected in the demographic data as well, which shows that only five women had employment among the participants of this study, which is only 17% of the sample size; whereas, only two of these employed women were doing teaching jobs at primary schools, one was teaching at home and the other two were house-maids.

Therefore, as noted, many of the poor women choose practical education as an alternative of formal education. In a more conventional sense, practical education, although, includes a broad array of technical and vocational skills, the research participants particularly referred to sewing, tailoring, embroidery, and make-up skills in articulating the importance of practical education for women in Pakistan. Having such skills improves women's agency (capabilities) to take initiatives for the betterment of their families in times of need. Women's agency is characterised by the motivations and aspirations of women to bring about change by utilising effectively the available resources be it financial, human or social. For instance, they can use their skills to establish small-scale businesses by accessing microcredit from microfinance institutions or even find employment where the job role particularly demands such skills. The demographic data shows that nearly one third of the sampled women participants had taken such initiatives to support their families by employing the available financial resources (loans) and human resources (practical skills) in small-scale businesses such as tailoring, stitching, embroidery and parlour. One of the research participant, Fakhira, who had only finished middle school, could not find a job based on her educational status; however, she had learned make-up skills. Before participation in Akhuwat's loan programmes, she did not have financial resources to set up her own business; however, when Akhuwat offered her access to interest free loans, she used her skills to set-up a parlour at home with that loan money. Fakhira also

spoke of another member of her group, who was a widow, and did not have any source of income before participation in loan programmes offered by Akhuwat. She was good at sewing and tailoring, she took the loan to buy a sewing machine. Now, she was the only earning hand for her children. She was taking loans from Akhuwat every year to accommodate some big expenditures and was paying it back in smaller instalments. In this way, she was managing her household expenditures independently and it was only possible due to having sewing and tailoring skills.

In this theme of empowerment, two important aspects of personal empowerment have been identified that the participants of this study valued and had reasons to value: education and practical education. Both of these are aspects of women's agency, which acts as an agent for taking initiatives to bring about change. It is also noted from the literature that microfinance programmes had relatively been more successful in achieving its social objectives when the borrowers received loans coupled with training and educational opportunities. However, it would be an exaggeration to state that MFIs send women borrowers to schools to improve their formal educational status or train them under formal training institutions. What is expected is that MFIs provide basic business training to their women borrowers and teach them basic financial skills to perform day-to-day financial affairs of their microbusinesses as well households. Similarly, with respect to education, MFIs educate poor women on social issues to raise awareness of women's rights to address issues of domestic violence and abuse and gender discrimination at household, organisational and community level.

4.2.1.2 Being capable of decision-making

Being able to make decisions is another important indicator of empowerment articulated by the women borrowers of Akhuwat in Pakpattan district, who participated in this study. There are two different perspectives on decision-making derived from the research participants' interpretations of empowerment: independent decision-making and joint (collective) decision

making. It was noted that the research participants who were living in nuclear families tended to value the former standpoint; whereas, the women who belonged to a joint family culture spoke more of the value of joint decision-making. There could potentially be other cultural, religious and regional factors that may have shaped the perceptions of the research participants; however, it was beyond the scope of this study to delve further into this domain.

The women, who valued independent decision-making argued that an empowered woman is one who is able to make independent decisions about her life. These women believed that the life is given only once to every human being be it men or women; therefore, they should have freedom of taking independent decisions. According to this narrative, decision-making is a fundamental feature of empowerment and a woman cannot become empowered unless she is capable of making independent decisions that affect her life; and if a woman is directed by someone else such as her husband, father, or any other person, and her decisions are dominated by this direction, then such a woman cannot be regarded as an empowered woman. Independent decision-making is another aspect of women's agency (being able to bring change) highlighted by the research participants, which has extensively been used in the scholarship on this domain by various researchers, scholars and, particularly feminist researchers in examining, assessing, or evaluating the impact of microfinance programmes on empowerment of women. However, the research participants also maintained that making a distinction between the right and wrong decisions that affect a woman's life, and the life of others associated with her, is imperative for every woman. This distinction is important because the decisions taken by a woman always have implications for the members of her family, particularly children. According to the participants, education plays a significant role in enhancing women's capabilities to take right decisions at the right time in the right place. For instance, one of the participant talked about this aspect of women empowerment by stating that:

“In my opinion, a woman is not empowered unless she is capable of making decisions independently; however, it is very important to make a distinction between the right and the wrong in the first place.” (Fakhira)

Although, few women, who participated in this study, endorsed independent decision-making (by women) for being empowered, which is consistent with the mainstream empowerment literature, they also highlighted their deprivations of freedom to make decisions due to the cultural norms and customs prevailing in the society. These women stressed on the importance of women’s inclusion and involvement in the decision-making, particularly, household decision-making. It was argued by the women participants that men work outside and they do not know how to manage household matters, which makes a household primary domain for the women. However, as one participant named Gulshan argued, men dominate women in the society and take pride in implementing their decisions on women, which inhibits women’s involvement in household decision-making. Similarly, another woman reflected on this by expressing her frustration in the following words:

“Decision-making matters but who would allow women to make decisions here? Nobody, accepts if women make decisions. My opinion does not matter, in fact. It is not acceptable in this culture. You tell me, who listens to women in our society? If I say, someone will accept my decisions then it would be nothing but a dream and there are many women like me in our society, in our neighbourhood and in our family.”
(Bushrah)

It is noted that due to the prevailing patriarchal culture many women have compromised with their living circumstances and do not even fancy to be a part of decision-making process, which is known as a phenomenon of adaptive preferences (refer to section 2.6) as discussed earlier. The other aspect of decision-making that majority of the research participants talked about is the view that both husband and wife should make decisions jointly. Women articulated that

joint decision-making is a better practice for the well-being of the entire family let alone the women. The participants believed that joint decision-making keeps a balance in household gender power relations and avoids unnecessary ties between husband and wife or between any other family members. Naheed, a research participant, valued joint decision-making by arguing that decisions taken together by both (husband and wife) will be much better for the children and for the betterment of the entire family. Pakeezah, another participant, further substantiated this view by highlighting the importance of consultation by referring to the teachings of Islam, whereby people are advised to make consultation before making decisions that may significantly affect their lives. She believed that consultation is imperative to make good decisions as might well be the joint decision-making.

It is also noted that few of the women preferred to categorise decisions that should be taken independently either by women or men. These women maintained that it is better to categorise decisions in accordance with the role of men and women in the household. They believed that internal household matters and issues should be dealt solely by women; whereas, the men should make decisions about external household affairs. For instance, Nasirah argued that men work outside, they are busy in their jobs and businesses and stay outside throughout the day, which is very common among the people of, particularly, smaller cities of Pakistan, and therefore, it becomes the responsibility of the women to manage the households. Since, women are primarily managing households, the decisions with respect to household management should be taken primarily by women. Sehar supported Nasirah's stance by categorising household decisions into small and big decisions in the following words:

“Women can make all decisions; however, small decisions such as buying something for the house, buying grocery or vegetables can be taken by women on their own. But, I must say, the big decisions such as children education and marrying children should be taken together by both men and women.” (Sehar)

It is noted that many women among the research participants tended to make routine life decisions independently; whereas, they preferred to take critical household decisions together with their husbands and other family members. Although, it indicates that women participants may lack self-confidence to make critical household decisions, it signifies the role of prevailing patriarchal norms that inhibit women's involvement in the process of decision-making be at household or community level. Yet, the scope of this study was limited to take into account women's perceptions, preferences and experiences to identify empowerment dimensions, areas and indicators that research participants valued, had reasons to value and had most relevance with the context of their lives.

4.2.2 Financial Empowerment

It was argued by the research participants that a woman is empowered when she is financially empowered and financially secured. Women participants articulated their reservations on financial security due to the patriarchal culture that prevails in Pakistan where men are considered the breadwinners in the families and control financial affairs either internal or external to the family or household. Women's role is limited, they lack control on the financial assets of the family and even lack access to external financial resources that are commercially available in the formal and informal financial sector. They cannot access external financial resources because they do not possess any assets that can be presented as a collateral to the financial lending institutions. In smaller cities such as Pakpattan, the situation is even worse, particularly, for the women who belong to the poor families, who are uneducated and who lack professional skills, which inhibits these poor women to access the job sector.

Financial empowerment, in a more conventional sense, refers to the control of individuals on their financial circumstances, which makes them capable of making both the ends. However, majority of the existing studies on this scholarship use a broader term 'economic

empowerment’, which covers a range of financial as well as economic elements. It is noted from the literature that economic empowerment is the most important dimension of women empowerment, which has extensively been focused in assessing and analysing the impacts of microfinance programmes on empowerment of the women by many researchers and scholars. Since, the present study was particularly designed to capture how women borrowers of microfinance loans perceived empowerment in the context relevant to their lives and how they gave meaning to this phenomenon of empowerment, the use of the theme titled ‘financial empowerment’ was considered more suitable to present the narrative of the research participants in this section. The following aspects of financial empowerment as articulated by the research participants are discussed under this domain of perceived empowerment.

4.2.2.1 Financial independence

Women participants argued that if a woman is financially secure and independent, she is indeed an empowered woman. Many of the women believed that if a woman is working and earning money, she would not have to ask her husband or father for money to deal with her financial needs, particularly her personal financial needs. It was also maintained by the participants that women who are earning and contributing in household financial affairs are given privilege in our society. One of the participant, Pakeezah, argued that a woman is empowered if she is earning money either from doing a job or a business. She further added that nobody dares to suppress such a woman and she gets respected by her husband and family. Similarly, Fareena, another study participant, working as a housemaid, believed that money is everything and you can do everything with the money by stressing on the importance of money for the poor. The following comments of the research participants highlight this aspect of women empowerment:

“I think it is important if women work because they are empowered if they are working.

Otherwise, they stay dependent to their husbands and ask their husbands for every

single penny. She can do something only if she is working and earning herself.”
(Pakeezah)

“An empowered woman is one who is working and earning herself, she can live a better life. She can spend money on herself and on her family and children. She can give a better future to her children.” (Sehar)

In the above cited statements, the participants clearly spelled out that financial independence is one of the most important aspect of women empowerment. The participants endorsed that women can be made financially independent by encouraging them to engage in income generating activities, which will not only improve women’s living circumstances but will contribute in the economic development of the country as well.

4.2.2.2 Means to achieve financial independence

Although, majority of the participants argued that a working woman, who is financially independent, is an empowered woman, a clear division among the research participants is noted on the means to achieve financial independence. The participants views have been grouped together in to two sets of ideas: one who considered employment as primary means to financial independence and the others who endorsed self-employment; yet both had their reasons to back their stance. The research participants who tended to support the idea of financial independence through jobs, particularly, focused on giving women access to the job market. They proposed to generate job opportunities for the poor, particularly uneducated, women in small cities. Hadiyah, one of the research participants, proposed the idea of educating women and bringing industries in Pakpattan district to generate working opportunities for the poor women. She further added that women should be given access to vocational training institutions where they can learn some professional skills such as tailoring, embroidery or stitching. By acquiring such skills, women will get an opportunity to find employment in the local job market; when they

are employed they will be financially independent. Interestingly though, few among the women participants supporting this argument, however, also spoke of their interests in doing only respected jobs. They were prompted to define what they mean by respected jobs and what kind of jobs they considered as respected jobs. Hadiah spoke of local culture and contextualised perceptions about working women by arguing that, generally, women are only allowed to work outside if they can find a good job such as in the teaching or banking sector. Rukhsana endorsed Hadiah stance by explicitly mentioning that her family would not mind if her daughters can get a job in the teaching sector because teaching is a good profession and everybody gives respect to this profession.

However, these women participants could not describe clearly what could else be regarded as a respected job except teaching. Interestingly though, many other participants seemed not to be concerned with the type and kind of job. For instance, one of the participant argued that poor women have not got any option apart from working outside to help her husband in making both ends. It does not matter then if she is working as a housemaid or a teacher; what matters is that, she is helping her husband. Another participant's narrative, quoted below, strongly discredits this perspective.

“My husband used to earn good money few years ago. Then, he had an accident. I started working as a housemaid. My brothers did not like this and said we are ashamed that you work in houses. I said, I am working to earn something for my family. I am working to give food to my children. I am working to buy medicine for my husband. How can I pay for these expenditures, if I do not work? I live in a rented house so I have to pay the rent. Then, I have to pay for the water, gas and electricity bills. I have to send my children to schools. Will you take my responsibility? When I said all these things, my brothers were speechless.” (Fareena)

It is echoed in the above statement that Fareena took pride in her job as a housemaid to support her family's livelihood irrespective of the fact that her siblings disrespected her job. Yet, it also indicates that many other women, not necessarily the research participants, may not have this courage to challenge the critiques. Many among the research participants showed their frustration towards this attitude of the society and described how the societal norms hindered their potential to participate in income generating activities to support their families by improving their financial condition. They strongly emphasised on the need to change this negative thinking prevailing in the society in order to improve women's circumstances.

On the contrary, the research participants who advocated financial independence through microbusinesses, however, articulated home-based business activities as means to achieve financial independence. They emphasised on creating small-scale home-based business opportunities for the poor women in Pakpattan district. They argued that women have too many things to look after and women's mobility is limited due to cultural, religious and security issues. Women assumed that by setting small-scale home-based businesses, it will be easier to manage household and business responsibilities for the women. The research participants articulated that there are too many home-based businesses that a woman can choose from such as tailoring, stitching, embroidery, spice selling, bangles or cloth selling. In this way, they can utilise a part of the house to make space for the business and, according to the participants, such kind of businesses can be easy to set-up even for the uneducated poor women. Many women believed that it can be a big helping hand, particularly, for the widows and single mothers, who do not have any source of income and cannot work outside either because of cultural and religious restrictions, security issues, or due to child rearing responsibilities. Few of the description are quoted below to highlight why some women participants valued home-based businesses for being financially independent.

“I think a much better option for the women would be to start something at home, such as selling clothes by taking loan from Akhuwat. In doing so, they can look after the household affairs as well as the business affairs effectively.” (Fakhira)

“I’m doing business myself. I do not have to face men outside in my business. Only women come to buy from me. So, yes, it is good as long as she is doing by staying within the limits defined by the religion.” (Hadiyah)

In the above quoted statements, it can be seen both Fakhira and Hadiyah, who were running small-scale home-based businesses, had different reasons to achieve financial independence through home-based business activities. Fakhira justified her stance by referring to household women responsibilities; whereas, Hadiyah’s preference is more influenced by cultural and religious factors that inhibits women mobility as well as women’s disinclination or reluctance to interact with males. Lack of education, which predominantly limits access to job sector, is another major factor that might have well influenced women’s tendency to prefer home-based business activities; however, interestingly, many of the research participants seemed to be very ambitious and did not consider lack of education as a disadvantage. For instance, one woman argued that we belong to poor families; our parents did not have resources to send us schools, therefore, it was not their fault if we are uneducated. Another woman argued that we are responsible for changing our future and our children’s future. It is important to mention that a few among the research participants, however, particularly endorsed that financial independence is important not the means to achieve financial independence. Ashely, who was running a small business of tailoring and embroidery, argued that women can do everything be it a job or a business, yet there are limited opportunities for women in smaller cities such as Pakpattan. In bigger and developed cities, situation is, however, relatively different where many women are already doing both businesses and jobs. Sara substantiated this view by adding that a wise woman will do everything to support her family provided her living

circumstance allow her to do so. In her view, a woman must be respected if she is working for the betterment of her family. Consistent among the women participants of this study, however, was the recognition that financial independence is one of the most important aspect that empowers women financially.

4.2.3 Socio-cultural/political empowerment

Under the theme of socio-cultural/political empowerment, the researcher has grouped together the social, cultural and political aspects of empowerment as highlighted and articulated by the research participants. Socio-cultural/political empowerment, in general, refers to the social and cultural environment where individuals, be it men or women, feel comfortable and empowered to take initiatives to transform their goals into achievements. In developing countries, such as Pakistan, women face many social, cultural and political challenges be it the challenges they face within the households or in the public or in the legal and political sphere, which inhibits their potential to improve their living circumstances. It is noted in analysing the narratives of the research participants that socio-cultural/political empowerment is as important as other dimensions of women empowerment are. The upcoming sections discuss further the perceived aspects of socio-cultural empowerment as articulated by the research participants.

4.2.3.1 Control on household affairs

The research participants highlighted another aspect of women empowerment in the context relevant to their respective lives, which is characterised by having control on the household affairs. Many women participants maintained that if a woman has control on the household financial affairs, matters of children education and children marriages and other family affairs; then she is an empowered woman. They argued that managing and organising a household is a full-time job and if a woman works outside then who will take her place to look after her children and family. They upheld that a woman needs a house for herself and her family and

she expects her husband to give her the control on the house. These women contended that religious and cultural norms define the role of both men and women. It is the responsibility of a man to work outside, earn for her family and give money to her wife; while, a woman is responsible to look after the house in absence of her husband. One of the study participant reflected on this by saying that:

“I am an educated and empowered woman. A woman's responsibility is to look after her husband and her children and that is what I am doing. So, yes, I am an empowered woman. (Nabeelah)

Similarly, another participant substantiated Nabeelah's perspective by commenting that:

Well, I am an empowered woman. I have full control in the house. I am responsible for buying the grocery. It is my responsibility to look after for children's educational expenses. It is my responsibility to pay monthly instalments of the loan. I deal with money matters with anyone. I am managing everything on my own. So, you can see, I am an empowered woman.” (Fareena)

It is reflected in the above cited statements that both participants perceived themselves empowered in terms of control on the household affairs. Although, the participants argued that things have changed a little over the last few years, men still exert control over families, which limits the role of women in controlling household affairs. In most of the cases, men are the breadwinners and are considered head of the families in Pakistan. It is also reflected in the demographic data of the research participants, which shows that only three out of 29 research participants declared themselves as head of the family. In rest of the cases, either husband or son was declared as head of the household, who were responsible for managing and controlling the household affairs. Another important factor that inhibits women's role in the household is the existence of joint family culture in Pakistan where in-laws do not transfer the control to the

newly wed woman. Equally important to mention is the fact that, traditionally, a woman is required to move to her husband's house as soon as she get married, where she has to live with the family of her husband. In most of the cases, she is also responsible to look after the family members of her husband but the control remains in the hands of husband's family or husband himself. However, as mentioned by the research participants, a woman is more likely to have control on household affairs where she is living with her husband independently in a nuclear family format. The demographic data shows that 10 out of 29 women participants were living in a nuclear family format at the time of data collection for this study. These demographic features are indicative of why majority of the women participants of this study valued control on household affairs for being empowered because they never had had this control.

According to this perspective, women's primary domain is household; however, as indicated by the women participants, a woman can work outside in exceptional circumstances; for instance, when the income of husband is not enough to meet both ends or if she is a widow or her husband is handicapped. One of the participant, argued that an empowered woman needs a home, needs money to meet day-to-day expenditures, needs educations, food, and shelter for her children. She further added that a woman will be empowered if she is getting all these things. Another participant maintained that a man is a man after-all and a woman feels prouder if her husband is responsible and looks after his house, wife and children. Owing to the strong patriarchal cultural norms in Pakistan, majority of the research participants had perceived their identity as housewives. Women also argued that Pakistan's socio-political culture is not safe for women and do not recognise women's involvement in outside-the-house activities. At the same time, many other women believed that the religion has defined the limits for both men and women and it brings disorder in the society when either men or women cross the set limits. The research participants also spelled out that a woman can only get control in the house if she is respected and trusted by her family and, particularly, by her husband. Many of the research

participants consistently argued that trust is the most important factor that helps empower a woman because a man will only transfer the control to a woman if he trusts her. In simple words, the participants supported that respect, honour and trust are the preconditions for gaining control in the house, although, many other factors influence it as well.

The above discussion shows that different cultural and religious dynamics had influenced and shaped the perceptions of research participants in articulating what constitutes empowerment in the context relevant to their lives. Consistent among the women borrowers of Akhuwat in Pakpattan district, who participated in this study, was the recognition that control on household affairs is another important aspect of women empowerment.

4.2.3.2 Personal, social and business relationships

The research participants articulated that strong relationships act like a thread across different dimensions of women empowerment. The participants argued that relationships are important in the life of a person regardless of the gender. According to the research participants, the most important among these relationships is the relationship between a husband and a wife. Women participants believed that a husband and a wife cannot make a good living without having a good understanding and strong relationship with each other. They argued that both husband and wife have to make compromises to keep a healthy relationship. In the absence of strong relationships, it will be difficult for both to keep their marriages in the long-run. One of the study participant, Fareena, referred to the importance of these relationships by stating that:

“Relationships are very important in the life of a person. A woman should keep good relationships with her parents, her siblings, her husband and her in-laws. Similarly, she should maintain good relationships across her family and her neighbourhood. In order to establish good relationships, a woman has to play a role herself. She needs to be patient to give space to people around her.” (Fareena)

In the above cited statement, Fareena has referred not only to the personal relationships between a husband and a wife but she also signified the importance of family and social relationships as well as the role of a woman in establishing such relationships. Many of the participants maintained that a woman's life will be good if she has good relationships by referring to the significance of these relationships in Islam. It was emphasised by the women that Islam has instructed us to make and maintain good relationships with your husband, family, in-laws, friends and neighbours and even with the society. It is noted that many women perceived that building strong personal and social relationships is the key to achieve empowerment for women. The participants explicitly articulated that a good family environment is needed to bourgeon empowerment of women that can only be created through good relationships. Fakhira, who was living in a joint family and running a parlour, illustrated the importance of relationships in the following words:

“I am running a parlour and my mother-in-law looks after my children because I am busy in my parlour most of the time. If I do not have good relationship with my mother-in-law, it will be very difficult for me to manage everything simultaneously. Similarly, social and business relationships are very important for my business because many of my customers are recommended by my friends, relatives and my neighbours.” (Fakhira)

She further argued that if a woman has to go outside to see a friend or visit the market; she has to get someone to accompany her because it is not safe for women to go outside on their own. A woman can only get someone to accompany her if she has good personal relationship with her family including husband and in-laws. Having good personal relationships could also be of great help in times of need for a woman such as medical or financial emergency. Another participant, Gulshan, believed that relationships are important and these are the women who establish relationships across the family and maintain these relationships. A common understanding among the women participants was the acknowledgement that family is the first

institution that empowers women; for instance, if a woman has good relationships with her husband and family, only then she can make decisions about her family, her children, and for the betterment of her household. Similarly, social relationships provide a platform to a woman to get help and advice from the people around her; for instance, neighbours are the first to respond in occasions of emergency. Pakeezah stated that she has good relationships with her neighbours and she always left her children with the neighbours if she has to go for shopping grocery and other household items. Women participants, who were engaged in income-generating activities either through jobs or microbusinesses, particularly emphasised on the importance of establishing good working relationships across the family and the society. For instance, a woman participant commented that:

“I believe that relationships are very important. For instance, I am doing a business of selling clothes but I do not have good relationships with people; then it will be very difficult for me to run such a business. I am a working woman and it becomes very important for me to establish good relationships around me such as in the locality where I live, in my neighbourhood, in my society and even in my family.” (Nasira)

Similarly, another participant, Zobia, believed that relationships are important to stay connected with the people around you, to become familiar with your cultural, religious, social, and communal values and to learn to discern right from the wrong and good from the bad. It is reflected in the above cited statements of the research participants that relationships are equally important for women’s personal and business affairs. Although, consistent among the women participants was the recognition that relationships are important for empowering women, they also established that trust and respect are the major factors that glue these relationships in the long run. The participants’ statements are quoted below to reflect on the importance of trust for establishing good relationships.

“See brother, without trust there is nothing. A woman cannot gain confidence if she is not trusted by her husband or her family. She cannot go outside the house if she is not trusted. Trust is the fundamental part of every single relationship.” (Fakhira)

“Trust is important for a good and strong relationship. For instance, if there is no trust between a husband and a wife, how could they live together and take care of their children. Trust is the bond of all relationships.” (Nabeelah)

It was argued by the women that a woman is empowered when she is trusted and respected by the people around her. Many women participants referred to the group loans in illustrating the importance of trust between the group members by stating that they cannot make any groups if we (women) do not have trust upon each other. If a woman is not trusted, she would not be able to arrange a single person who provides indemnity for her loan. A woman’s decisions will only be accepted and subsequently implemented if she is trusted and respected by those who are affected by such decisions. It was strongly emphasised by the research participants that trust and respect are imperative for maintaining healthy and positive relationships. It was endorsed by the women participants that strong personal, social and business relationships are important in order for women to experience empowerment; whereas, trust and respect are the key factors that keep these relationships healthy.

4.2.3.3 Freedom

Another dimension of empowerment identified in analysing the narrative accounts of women’s subjective experiences of giving meaning to empowerment is freedom. There are two aspects of freedom voiced by the research participants: freedom of mobility and freedom to exercise choices. It was collectively recognised by the women that freedom of mobility such as freedom to visit friends, relatives or markets, is an important aspect of women empowerment. It was endorsed as a basic right of a woman by many women who participated in this study. They

argued that if a woman's freedom is restricted she cannot perform many of her routine life activities. One of the study participant, Nabeelah, commented that:

“A woman must have freedom of mobility because who will look after her affairs if we (women) are not allowed to go outside. For instance, my husband has gone to his fruit shop and it is my responsibility to look after my family and my house. If I am not allowed to go outside then who will buy grocery and vegetables for me? How can I prepare dinner for my husband? He will create a scene at home if I do not offer him food on time because he is the one who is working to feed his entire family.” (Nabeelah)

The above cited statement highlights how Nabeelah justified her stance by presenting a typical routine life example; whereby, she correlated freedom of mobility with performing essential household responsibilities. Many other women, who participated in this study, referred to similar examples in expressing their views on the importance of freedom of movement for the women in Pakistan. Likewise, another participant, Pakeezah, interlinked freedom of mobility with social awareness, perceived security for her family, and constructive learning. She argued that it is very important for women to have freedom of movement because they can realise what is happening around them in their locality and city. She further added that women can send their children outside if they feel it secure for themselves in the first place. There are many other positive aspects; for instance, people learn from each other and it can only be possible if they have freedom of movement. Similarly, another participant articulated freedom of mobility by contending that she cannot live a day without seeing and gossiping with her neighbouring friends. She stated that she spends hours at the door step in talking with women who live in her neighbourhood. It is an interesting feature of local culture in Pakpattan district, emphasised by many research participants, which the researcher has also noted himself over the years that women spend hours in gossiping standing at the door-steps, or parapets of their houses with women from the neighbourhood. It would not be a surprise, if in Pakpattan district, women

know a lot more the issues and problems of the people who live in their locality than men living in the same locality. However, it is more common in small under-developed cities such as Pakpattan than in large and developed cities such as Lahore or Islamabad. Interestingly though, it also indicates that lack of freedom of mobility or restricted freedom could potentially be one of the biggest factor contributed in the development of this culture-specific norm, which can be tracked in the narratives of many other research participants as well. For instance, it was consistently argued by many women participants that women cannot go outside the house because their parents, husbands or in-laws do not allow them to step outside the boundaries of their houses. A common perception among the research participants was the assertion that women are not safe in moving around on their own. One of the study participant stated that:

“It is not acceptable in our family that women go outside on their own. Our men accompany us if we want to go to the market or to meet our relatives. Also, we do not go outside unnecessarily. Yet, if we have to go then someone such as father, brother, husband or son go with us. So, as I said, it is not admissible (for women) to go outside.”

(Bushrah)

Similarly, another participant argued that women cannot go outside because the society is not good referring to the women’s victimisation in the society. However, few other women merely stated that it depends on the family and the husband of a woman and if the family or husband does not like it; then women should not go outside. It is noted from the participants’ views that many women, particularly in small cities, are accustomed to their circumstances by surrendering themselves to the only available choices or preferences, a phenomenon which is known as adaptive preferences according to many feminist theorists. For instance, the following statement highlights the perceived preferences of one of the study participant:

“If their (women) families allow them, they may go outside otherwise they should stay at home. I mean there is no need if husband does not like it. Because, without husband

there is nothing. If the husband expels his wife, she will have no place to go. It will be very difficult for her. It is just a matter of 3 words (divorce).” (Aasimah)

It is echoed in the above cited statement that freedom of mobility may create serious problems for women in families where women’s movement is restricted. In the above statement, Aasimah has also pointed to the dependence of women on the men since men are the breadwinners in majority of the families, particularly in smaller cities of Pakistan. However, majority of the research participants argued that women’s freedom of mobility is not only important for carrying out essential household activities but also crucial for working women, who are struggling to financially support their poor families either through jobs or small-businesses. Many women participants also referred to the state’s role in improving women’s circumstances by providing safety and security to the women in smaller cities.

Interestingly though, on the contrary, many women participants, who acknowledged freedom of mobility as an important aspect of women empowerment, also maintained that freedom should be limited to a certain extent. In establishing their arguments, they referred to the limits defined by Islam (the religion) for a Muslim woman; whereby, they mentioned that a woman’s primary role is to look after the family. Women participants contended that religion does not thwart women’s mobility but outlines it, which is misconceived by majority of the people in our society. Consequently, women in Pakistan are subjected to domestic abuse, violence and honour-killing in the name of nobility and pride of the family values. Fareena argued that women should have freedom of mobility up to an extent, which allows her to perform routine-life duties such as buying household essentials, pick-and-drop children at school, visiting friends, relatives and consumer markets. Shabnam also endorsed Fareena’s argument by articulating that a woman bears the biggest responsibility that must not be compromised. Similarly, Sara substantiated the view, presented both by Fareena and Shabnam, in the following words:

“With reference to outdoor activities, I am somewhat conservative. However, it is alright as long as women do not compromise their responsibilities. It is also important to see what is permissible for a woman in Islam. One must not cross the defined limits.”

(Sara)

The second important aspect of freedom reflected in the subjective experiences of the research participants is the freedom to exercise choices. According to the research participants, women should have opportunities available to make a choice and capabilities to exercise those choices. In articulating freedom of mobility, many women argued that freedom is a right of a woman but it is her discretion to exercise this right. They emphasised that if a woman feels comfortable in moving around on her own, she may do so; otherwise, she must not be forced to go outside alone. It upends an earlier argument that if a woman's family or husband does not like it; woman should not go outside. Similarly, the research participants maintained that women should have work or business opportunities available to them, yet, primarily, it is the responsibility of the men to look after their families and wives; therefore, a woman should have freedom to exercise her choice of working outside or staying at home. It is noted during the interviews that many of the poor women are forced to work outside because their husbands do not either earn or bear the responsibility of their children and wives, which subsequently increases the burden of responsibilities on women's shoulder. According to the research participants, if a woman is forced to go outside alone or forced to earn by working outside, she cannot be regarded as an empowered woman since she would not be doing this willingly. Similarly, decision-making is a right of the women, they should be capable of making decisions, and at the same time, they should have freedom to exercise this right from this perspective. It is particularly relevant to the context of this study, since many women prefer their husbands to make decision despite of having the capabilities to exercise this right.

In this theme of empowerment, freedom is identified as another in of indicator of women empowerment, which constitutes freedom of mobility and freedom to exercise choices. The research participants endorsed two perspectives on freedom of mobility: full freedom and limited freedom (as defined by the religious and cultural values). The perspective of limited freedom is a unique finding of this study within the context of women empowerment and microfinance; which is not discussed by the existing scholarship on this domain. Both of these perspectives were considered important for empowering women by the research participants within the context of this study. Whereas, the freedom to exercise choices is characterised as capabilities of the women to transform opportunities into achievements.

4.2.3.4 Protected women rights

A common understanding among the women participants of this study was the acknowledgement that a woman is empowered if she is given her rights as defined by Islam and outlined by the law of the country (Pakistan). The participants argued that if a woman gets her rights such as access to basic rights, right to education, right of freedom, right to own and share the property, right to make decisions about her life and right to express her opinion, she will be confident in planning and prioritising her actions to achieve the desired and preferred outcomes not only for herself but for her entire family. Many women participants demonstrated their frustration by referring to the deprived rights of women in Pakistan, particularly, in smaller cities; where awareness is at the lowest level, patriarchal culture prevails, and women are more vulnerable to domestic violence and abuse. The research participants articulated that, although, Islam has clearly defined the rights of a woman more than 1400 hundred years ago, women rights are largely neglected across all spheres of life. One of the study participant commented on this dimension of empowerment by stating that:

“A woman should be given her rights as given by Islam and the law of Pakistan. It is very important and sets the foundation for empowering women. Islam has given many

rights to the women but it is not accepted in our society. Our society is a patriarchal society where men want to keep their dominance over the women. They presume that they are the breadwinners and there are no rights of the women because they are only made for looking after their children and their families.” (Fareena)

In the above cited statement, although, Fareena endorsed that a woman is empowerment her rights are protected, she also highlighted that women’s rights are not protected at household and community level. It is noted from her statement that many social and cultural factors prevent women’s access to her rights and one of the major factor is that women are financially dependent on the men. Gulshan further supported this argument by mentioning that women are largely deprived of their rights and men dominate the society. She further added that our next generation might be able to get their rights because they are better educated than us. Both of the above cited participants acknowledged that women rights are important for empowering women, yet both of the participants clearly highlighted the dominance of patriarchal cultural norms in the society. Many of the women participants underlined that if a woman is strong and has a strong family background then nobody can do any harm to a woman; however, in the opposite situation, she will be disrespected and even humiliated by her in-laws. Another participant, Bushrah, argued that there are many things defined by the religion but who actually follows the religion. She further added that if you tell men about the religion, they will talk about the traditional norms and family culture and when you talk about the norms and culture, they will talk about the religion. Sehar, another participant, substantiated this view in the following words:

“Well, it is good to give women their rights, but as a matter of fact, nobody gives such rights to women in this society and culture. You have asked a very good question but you know well about our culture in Pakistan. People do not even like someone talking about women’s rights. Men even beat and torture women if they dare to stand for their

rights. Nobody bothers here if a man beats a woman. Sadly, a husband can do anything to her wife.” (Sehar)

Many other women participants shared similar views by articulating that men will do whatever they want to do without caring about the impact of their actions on the women. Women participants believed that women’s role is limited to child rearing, cooking for the family and cleaning the house. This perception transfers from one generation to the next and nobody cares to understand women’s issues and their problems. Interestingly though, when the participants were asked to share what kind of rights are defined in the law and in the religion for the women, majority of the women participants were not explicit in articulating their rights. An element of unawareness and lack of knowledge was clearly observed and noticed during the process of data collection and data analysis respectively, which could possibly be one of the major factors that inhibits women empowerment and burgeon victimisation of women’s rights, particularly, in poor families of smaller cities. The following statement of a study participant reflects on these issues:

“Islam has given a woman so many rights but the thing is that women do not know much in this society because they are not educated. You can take my example, for instance. We are just living our lives according to the norms, traditions and customs set by the families. We are told that you have got everything in the house such as clothes and food what else you need. We cannot do anything to change this. We do not have the courage to go against the set traditions. I know a little about my rights such as right of ownership on the property. I do not know much about any other rights of women given by either Islam or the law of this country.” (Pakeezah)

Although, the above statement highlights different social, political and cultural elements that prevent women’s empowerment, it also indicates that it might be inconsequential to merely expect from these women to take initiatives on their own to initiate the process of

empowerment after participation in microfinance programmes. Which is why many of the women participants, particularly, referred to the public and private organisations to support women's actions to overcome their living circumstances that inhibit women empowerment. They argued that it is the job of the state to protect the rights of women and provide safety and security to the women in Pakistan. For instance, one of the participant stated that:

“The government needs to step in and take action because women are subjected to torture and domestic abuse. The government should introduce law to give women their rights. It should provide safety, security and protection to the women.” (Fareena)

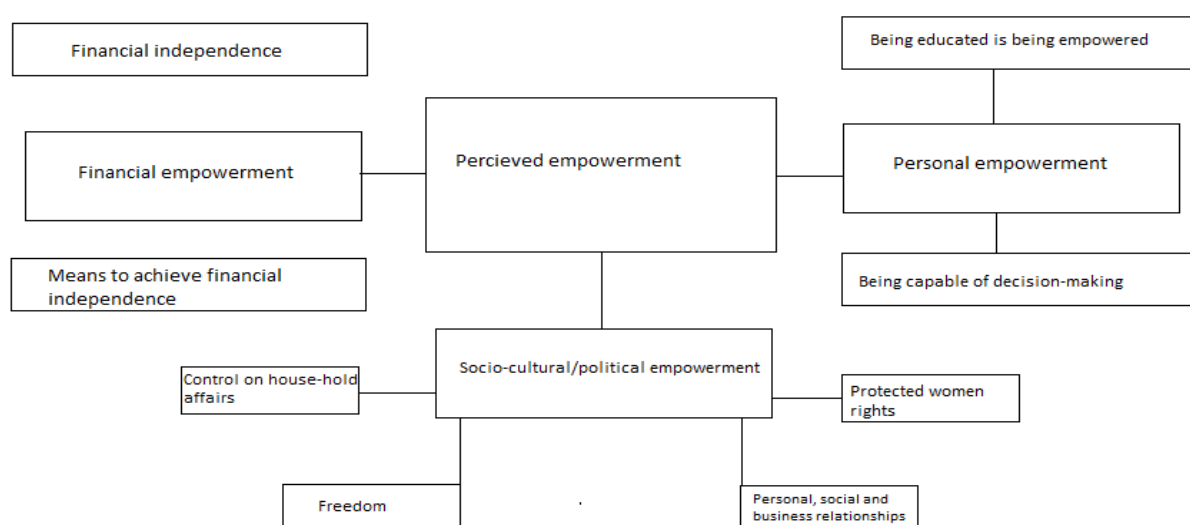
Similarly, another participant argued that government needs to do many things and an initiative to empower women must be taken by the state by ensuring women's safety and security. Noticeably, all of the research participants praised the role of Akhuwat in helping poor women through small interest free loans and demanded similar actions from other public and private organisations at a larger scale. They argued that government can create a supportive environment by creating and offering respectable jobs to women, who are willing to take up such roles. Women believed that government can create many other business and entrepreneurship opportunities for women and therefore the role of the state is critical to promote empowerment of women in Pakistan. In the current theme, it has been identified that women participants of this study perceived that protection of women's rights is important to empower women and it is the job of the government to protect these rights. However, as discussed earlier, MFIs can play their role by educating women on social, cultural and legal issues by raising awareness among the borrowing poor women.

4.2.4 Summary of themes conceptualising perceived empowerment

This section has presented the discussion using three superordinate themes: personal empowerment, financial empowerment and socio-cultural/political empowerment. The

superordinate themes represent dimensions of women empowerment. The subordinate themes representing women's perceptions, on what empowerment meant in their respective lives, what they valued for being empowered and how they gave meaning to the phenomenon of empowerment, are classified under the superordinate themes. The subordinate themes represent empowerment indicators articulated by the research participants. The first superordinate theme of personal empowerment constituted of two subordinate themes: being educated is being empowered and being capable of decision-making. Similarly, the second theme, financial empowerment, embodied two subordinate themes: financial independence and means to achieve financial independence. Finally, the four subthemes that are discussed under socio-cultural empowerment included control on household affairs, personal and social relationships, freedom and protected women rights. These superordinate and subordinate themes are clustered under the theme titled women empowerment to develop a conceptual model of perceived empowerment as shown in the figure 4-2 below. In the next section, both of the superordinate and subordinate themes are used to explore how participation in IFMPs had influenced research participants' perceived levels of empowerment.

Figure 4-2 Conceptual model of perceived empowerment



Source: The researcher

4.3 Empowerment through seeking interest free loans from Akhuwat: The second research question

The main objective of this study was to explore and examine the influence of participation in interest free microfinance programmes on the empowerment of women at personal, household and business level drawing on the lived experiences of the women borrowers who had taken part in such programmes in Pakpattan district of Pakistan. It was guided by the second research question: how does participation in interest free microfinance programmes influence women's perceived empowerment? In order to examine empowerment, the framework of capability approach was employed to explore and conceptualise the process and outcomes of participation in microfinance programmes. Capability approach helps to study, explore and evaluate the impacts of development programmes such as microfinance. However, it is important to mention that capability approach is not a theory itself that explains a phenomenon, but a framework which guides how to conceptualise and understand a phenomenon. It has widely been used to measure and evaluate the role of microfinance programmes in alleviating poverty in the developing countries. It proposes to conceptualise the impacts in terms of both achievements (functionings) and potential achievements (capabilities) by focusing on freedoms of people to do things they value and have reasons to value. It is the core reasoning of capability approach, which has explicitly been employed, in the present study, in interviewing the research participants to let them articulate their perceptions, preferences, and experiences of participation in IFMPs offered by Akhuwat in Pakpattan district of Pakistan.

The interview protocol was prepared after extensively reviewing the existing prevalent studies on this scholarship to add useful prompters and probing questions to the interview protocol to obtain relevant and meaningful information from the research participants. A pilot-study was undertaken prior to employing the interview protocol, in the final stage data collection, to pre-

test the validity and reliability of the interview protocol to answer the main research questions posed within this thesis. Although, the research participants were given freedom to articulate their experiences of participation in microfinance programmes offered by Akhuwat in Pakpattan district, the interview protocol was followed to keep focus on the objectives of this study. Women participants' experiences are discussed using the themes identified in section 4.2 to explore changes in perceived levels of empowerment after participation in IFMPs offered by Akhuwat in Pakpattan district.

4.3.1 Personal empowerment

In the section 4.2, personal empowerment was the first overarching theme identified in analysing the perceptions and preferences of women borrowers on what they valued for being empowered. The empowerment indicators highlighted by the research participants included both formal and practical education, and being capable of decision-making. Both of these aspects act as agents of empowerment, yet better education is highly likely to make a person capable of making better and informed decisions. Both of these are critical drivers of personal empowerment, although, it includes other factors as well such as self-confidence, autonomy, respect, honour, health and psychological well-being etcetera. Moreover, education is only one of the many factors that nurture individuals' personal capabilities, which are collectively known as human capital. Therefore, in interviewing the women participants, the focus has been on human resources that were available to the women borrowers including access to education, business or financial training, and access to information.

4.3.1.1 Lack of education and training

The research participants were asked if they had received any educational and training facilities from Akhuwat to explore how availing such services facilitated capacity building among the research participants. An important feature of microfinance programmes, that distinguish it

from conventional loans, is the provision of educational and business/financial training opportunities for the borrowers. The major purpose of business training is to equip the borrowers with basic skills required to carry on the business practices successfully. Similarly, the purpose of informational and educational sessions, particularly to the women, is to increase their market awareness, enhance work productivity and educate them on societal and familial issues, particularly, domestic violence issues. However, as mentioned earlier, it is not expected from MFIs to open formal or technical educational schools for poor women borrowers or send them to schools to obtain formal or practical education.

With reference to the provision of business or financial training by Akhuwat, none of the participants acknowledged receiving any business or financial training either at the time of participation or at any point of time after their participation in these IFMPs offered by Akhuwat. In responding to another follow-up question, it was revealed by the participants that they did not even know about any business or financial training opportunities being offered by Akhuwat in Pakpattan district. The following statements of the participants clearly highlight the absence of business or financial training:

“They say if you want to start a business, go ahead, we will give you the money. That is what they do but they do not provide any training or information about any business. You, yourself, have to come up with a business plan.” (Roobi)

“No, they do not give any training. We have to make a business proposal and do business on our own. My husband runs a meat stall in the market. So, we showed Akhuwat our business and they gave us this loan.” (Rukhsana)

Since the participants of this study did not acknowledge receiving any business or financial training, the researcher had to phase out follow-up questions associated with exploring the influence of receiving business and financial training on empowerment of the women

borrowers. However, the research participants were prompted to share where did they get the business idea and learn the business skills? It was revealed by the research participants that, in most of the cases, Akhuwat only issued a loan where the recipient already had a business of her own or her husband had an established business. Women participants believed that they cannot obtain loans from Akhuwat for setting up new businesses. Many of the women also mentioned that Akhuwat checked and verified their family businesses before lending business loans. The purpose of this practice is to ensure that loan money will be invested in proposed businesses instead of meeting household expenditures. Another purpose of these verification checks is to conjecture whether the proposed women's businesses will be able or not to generate sufficient cash flows to fulfil borrowers' financial needs as well as to pay the loan money back in the set-duration. Although, the researcher did not ask the staff from Akhuwat to comment on why Akhuwat did not offer these opportunities to the borrowers, prioritising women clients, who already had an established business either of their own or owned by the family, was one of the reason for lack of Akhuwat's focus on education and training.

However, few of the research participants, who started their own businesses through seeking loans from Akhuwat or had existing businesses owned before participation in Akhuwat's loan programmes, spoke of an improvement in their business and (basic) financial skills. Yet, they argued that they learned these skills on their own through seeking help from their friends or relatives or learned from their experiences of running their businesses over the years. Nasira, who was selling clothes at home through seeking loan from Akhuwat, reflected on this in the following words.

“I learned (business skills) from a friend of mine who is doing a similar business. I learned how and where to go for buying clothes. How to price it for reselling and what kind of fashion is in going on the market? Being a woman, I already had some knowledge of these things but I learned many things from that friend of mine.” (Nasira)

Similarly, in responding to another question associated with the educational opportunities offered by Akhuwat to the participating women borrowers in Pakpattan district, it was reported by the research participants that Akhuwat did not offer any educational and vocational training opportunities to the women borrowers in Pakpattan district, although, as mentioned earlier, it is one of the most important features that distinguish microfinance loans from conventional loans. The research participants were also prompted to share knowledge of other loan products or services to explore the level of awareness among the research participants about the products and services offered by Akhuwat. It was also within the scope of this study to explore the aspects of microfinance programmes that foster empowerment including factors exclusive of the interest free loan programmes. It was found that majority of the research participants were not aware of any other loan products or services being offered by Akhuwat in Pakpattan district. They had neither participated in any other loan programme of Akhuwat nor they been informed about other loan products or services by the staff. The participants were asked if they had tried asking the staff from Akhuwat about other products or services that are available to the poor in Pakpattan district. The participants unanimously acknowledged that they had never tried asking the staff to get information about other loan products, schemes, or programmes. A couple of participants argued that they are illiterate and that is why they do not have information about other loan products or services. Majority of the research participants maintained that they are only concerned with the loan money that is why they do not ask anything else from the staff. On the contrary, over a quarter of the participants of this study, however, acknowledged receiving such kind of information from the staff. However, none of the research participants had participated in any other programmes of Akhuwat at the time of data collection for this study.

Interestingly though, all of the four research participants of the pilot-study, which was conducted in Lahore, which is the second largest and developed city of Pakistan where

Akhuwat's head office is situated, reported receiving both educational and training facilities from Akhuwat. However, the situation was completely different in Pakpattan, which is comparatively a smaller and under-developed city. It is found that in Pakpattan district Akhuwat did not particularly focus on training and educational opportunities. Yet, another important factor is that Akhuwat heavily rely on donations and charity money to fund its operations be it marketing, management or administration; therefore, it cannot afford to offer other products or services in smaller cities. Moreover, in Lahore where Akhuwat has more than 55 branches as compared to only 4 branches in Pakpattan, manifestation of a portfolio of products and services is essential to attract more donors or satiate existing ones. However, it was beyond the scope of this thesis to investigate why Akhuwat did not offer any educational or training opportunities in Pakpattan district; since the researcher focused on perceptions and voices than on responses of the borrowers. Yet, it has been reported as a limitation of this study. Put simply, although the research participants valued being educated, formal and/or practical, for being empowered, the most; Akhuwat did not provide an avenue to either educate the women borrowers on personal, social and cultural issues or train women to foster women's entrepreneurship in Pakpattan district. Considering this discussion, it has been concluded that participation in IFMPs offered by Akhuwat to poor women in Pakpattan district had no influence on this aspect of personal empowerment.

4.3.1.2 Influence on decision-making capabilities

With respect to the decision-making, many of the research participants reported that their decision-making capabilities had relatively been improved over the years since participation in the loan programmes offered by Akhuwat in Pakpattan district. To explore how participation in IFMPs improved women's decision-making capabilities, they were asked to share who makes decisions with respect to household and familial affairs such as purchases either small or large, children's education and marriages and business affairs. They were also requested to

recall who was taking such decisions before participation in Akhuwat's programmes. The researcher believed that minor difference due to women's recalling capabilities will not significantly affect the findings of this study. Any change in decision-making was examined both in terms of achievements and capabilities to take situations into account where women made decisions independently, in coordination with their husbands or other family members or willingly let their husbands or other family members make decisions. This study has found that majority of the research participants did not experience a considerable change in their decision-making capabilities after participation in IFMPs of Akhuwat. In comparing women's decision-making capabilities before and after participation in Akhuwat programmes, this study has found that majority of the women already had freedom to make many of the small household decisions what they were found making at the time of data collection, although, few of the women reported a change in their decision-making capabilities after participation. The research findings show that majority of the women, who started their own businesses through seeking interest free loans from Akhuwat, experienced a greater change in their capabilities to make decisions in relation to both household and business affairs. Women among the research participants, who handed over the loan money to their husbands or other family members, however, noticed a change in their involvement in household decision-making after participation in loan programmes offered by Akhuwat. For instance, one of the participant said:

“Well, my husband takes most of the decisions in my house but it has changed in the last few years since I have started my own business. My husband now takes my opinion as well. He has realised that I can do many things and I will only give him a good suggestion if he asks for my opinion. Therefore, he is taking my opinion before making important decisions. In fact, my husband and my in-laws now respect my opinion and even let me make decisions independently.” (Fakhira)

Fakhira, who was running a parlour at home, emphasised that since she has started contributing financially towards her household expenditures, she has earned respect and value in her family and she is now capable of making decisions. She, however, added that she is taking all decisions independently regarding her parlour activities because it is primarily a woman's domain. Ashely, who was selling clothes at home, was making business related decisions independently. With respect to household purchases, she was making all decisions about small and large purchases. Yet, few among the women, who were running their own businesses with the loan money, did not experience any change with respect to household decision-making. For instance, among them was Rukhsar, who was running a parlour at home, mentioned that she did not see any change in her role with respect to household decision-making before and after participation in Akhuwat programmes. Similarly, another participant among the women, who let their family members use the loan money, noted that:

“My capability to make decisions has improved in the last few years. The thing is that, now I am not worried about how to make our financial household expenditures and when you do not have these tensions, you make decisions with peace of mind. The outcome will be better when you make decisions with peace of mind.” (Nabeelah)

Nabeelah, who was a housewife, took the loan to support her husband's business, also experienced an improvement in decision-making, although, she was not the ultimate beneficiary of the loan. She was responsible for preparing food for the family, sending children to school, and other household affairs. However, she accredited this improvement to the better household financial condition, owing to the participation in Akhuwat's loan programmes, and better physical and mental health of her own. Pakeezah, who took the loan to buy materials for her husband's business, shared a similar view. She said:

“My husband never listened to me before taking this loan. He was always implementing his decisions on us. I used to suggest him to start something else but he never listened.

Now, when Akhuwat gives loan to me, he has started listening to me because I get loan for him every year. So, I am capable of expressing my opinion at least.” (Pakeezah)

Although, Pakeezah did not see a major change in her decision-making capabilities, she endorsed that access to microcredit has influenced her role in the household decision-making, which is consistent with the argument, established by many other women participants. Aasimah, who had full control on the household affairs, substantiated Nabeelah’s argument that access to microcredit programmes improved her decision-making capabilities because her financial condition was improved. Another participant, Nasira, who was engaged in the business of selling clothes at home, referring to her business affairs, mentioned that she is responsible for taking all decisions for her business and it has been a good experience for her. She added that, although she does make mistakes but she learns from her mistakes. Similarly, Roobi, who was a full-time housewife, commented that her involvement in the household decision-making has improved in the last few years because her husband knows that he cannot obtain these loans without her.

To identify research participants’ decision-making domains, the research participants were asked to recall and share who had been responsible for making decisions in their household regarding small and large purchases, children’s education and children marriages in the last few years. Few of the participants, however, had small children, a question about children’s marriages was irrelevant at the time of data collection; therefore, it was excluded respectively. It is important to mention that due to gender difference and local cultural and religious set-up, the researcher avoided asking women the questions regarding women’s personal and private affairs; therefore, it has been reported as a limitation of this study. The research findings imply that majority of the research participants had freedom to make independent decisions for buying grocery, vegetables and other small consumer products for personal and household use; however, they made decisions jointly with respect to large purchases, children’s education and

children's marriages. These findings are consistent with the argument established by the research participants in articulating their perceptions on the importance of decision-making capabilities for empowerment of the women; whereby, majority of the research participants valued and justified joint decision-making more than independent decision-making of the women. For instance, with respect to small and large purchases, Shabnam, who was a primary school teacher and took the loan to support her husband's business, said:

"I can buy small things; however, large items are more expensive and more important for the households, it becomes important to make decisions rationally after consulting family members. In most of the cases, we both (me and my husband) make such decisions." (Shabnam)

Similarly, Nasira commented that all my family members make suggestions when it comes to make large purchases; however, I make small purchases on my own. Interestingly though, it was not necessarily due to women's inability or lack of freedom to make such decisions; they preferred to make such decisions in consultation with their family members because they believed they can make good decisions together. With respect to decisions about children education, majority of the women participants acknowledged that they made decisions jointly after discussing with other family members. Particularly, both husband and wife were found to be making decisions together regarding children's education. For instance, Fakhira said:

"We both made these decisions of educating our children. We both decided about the schools as well. He drops my children at school and I pick them up from the school when they (children) finish. So, we manage it together." (Fakhira)

Fakhira supported her stance by arguing that children's education is very important for children's future and both parent are equally responsible for deciding the best for their children, which was substantiated by many other women participants as well. However, few of the

women participants, who had full control on the household affairs, were found making decisions independently about children education. Interestingly though, they had this control even before participation in IFMPs of Akhuwat regardless of the fact that they were the ultimate loan users or not. For instance, Nabeelah, who was a full-time housewife, took the loans to support her husband's business, had full control on household affairs including decision-making about children's education, although, at the time of data collection, it was her 4th year of participation in IFMPs of Akhuwat. Similarly, with respect to children's marriages, it is found that majority of the women participants made decisions together after consultation with their husbands and other family members. It has been argued by the women that marriage is an important decision for the future of their children, and there are many things that need to be considered before making such decisions; therefore, for the better future of their children they made decisions together. Interestingly though, it is also found that majority of the women did not ask for their children's permission before marrying them owing to the existing family and cultural traditions. Equally important to mention is the fact that, as noted from the data, in most of the cases, it had nothing to do with participation in IFMPs of Akhuwat since many of the women had married their children years before participation in Akhuwat's loan programmes. Although, few women among the research participants, including three women who declared themselves as head of the family, reported that they married their son/sons or daughter/daughters after participation in Akhuwat's programmes, they made decisions together with their family members independent of their participation in Akhuwat programmes.

On the contrary, yet, in exceptional cases, women's role in household decision-making was very limited, they did not feel any change in their decision-making capabilities and men still dominated household decision-making. Women's role was limited to child rearing, cooking and cleaning duties. For instance, Gulshan, who was a full-time housewife and was taking loans to support her husband's business of grocery store, commented that:

“The thing is that I never interfered with household matters since my marriage. I always obey whatever my husband has said. I never disrespected my husband. I still respect and honour whatever my husband asks me to do. I do not argue with him. Yet, if he sometimes asks for my opinion, I make my opinion as per my intelligence. He, then, does whatever he thinks is better.” (Gulshan)

Gulshan was living in a joint family with her husband and her in-laws after her marriage and the control on household affairs was in the hands of her husband and his family. She did not experience any change in her decision-making capability although she was taking part in Akhuwat’s loan programmes since last 4 years. Similarly, Maidah, who was running a parlour at home, contributing towards her family expenditures, said her husband makes all household decisions because she is not allowed to make any decisions since it is not considered good in her family, although she was living in a nuclear family. However, she added that she has full control on her business affairs because it is purely a woman’s domain. Another research participant, Tahira, who took the loan to support her husband’s business, mentioned that although she is capable to make some extra buying for her family, she did not expect too much from participation in these microfinance programmes. She argued that the amount of loan is too small to change everything in her life; however, she maintained that if her business grows over time, it will improve as well.

To sum up, the present study has found that majority of the women participants did not experience any significant change in their decision-making capabilities before and after participation in IFMPs. Only a few of the women participants explicitly spoke of an improvement in their decision-making capabilities after participation. Among them, independent decision-making improved particularly among research participants, who were business entrepreneurs, as compared to the research participants, who handed the loan money over to their male partners or family members. Yet, it was a small group, which was nearly one

third of the total sample size, and the improvement in independent decision-making was explicit to women's business affairs. On the contrary, majority of the women among the research participants, who experienced a change after participation, reported an improvement in their involvement in the decision-making process. In most of the cases, the research participants had freedom to make independent decisions regarding the household affairs; yet, they preferred their husbands to make decisions or valued consultation with their family members before taking such decisions. They argued that it does not matter who is making decisions, what matters the most is that decisions are being taken for the betterment of the family. Both perspectives articulated by the research participants, independent decision-making and joint decision-making, were taken into account in analysing and reporting the influence of participation in Akhuwat programmes on decision-making capabilities of the research participants.

4.3.1.3 Improved self-confidence

Many of the women participants of this study reported an improvement in their self-confidence after participation in Akhuwat programmes. Women argued that they feel confident to feed their families because they have access to interest free loans which can be of great help in times of need. As noted, it is very difficult for the poor to arrange finances in case of emergencies because people living around, in their localities are as poor as they are, which is a big factor limiting women to access courtesy loans from their friends, relatives, or neighbours. Moreover, the poor women always felt ashamed to approach such people, who hardly make both ends, to ask for the money to address their financial needs. In such a case, getting access to loans, which are completely free of interest, was not less than a miracle for the poor women. For instance, Aasimah spoke of her improved self-confidence by referring to her improved financial circumstances after participation in Akhuwat's loan programmes because she was now able to make both ends on her own without begging money from my neighbours and friends. Similarly,

Nasira never thought of starting her own business before taking part in Akhuwat programmes because she never had financial resources to take such an initiative. She did not have confidence to run her clothing business in the first year of participation in Akhuwat programmes; however, over a span of 4 years, she built her self-confidence to bring her clothing business in to a stable position.

The poor women never imagined of being able to have access to interest free loans that can be conveniently returned by breaking down into smaller instalments. Zobia, another research participant, said she felt great when she saw herself doing her own business and managing all business and household responsibilities. She had bought three sewing machines with the loan money and was also helping other (financially) helpless women of her locality by training them on embroidery and tailoring skills. It is noted that access to interest free loans encouraged the women borrowers to take initiatives to engage in income-generating activities, which boosted self-confidence among the poor women. However, it did not work well for all women because majority of the women borrowers handed the loan money to their husbands, sons, or other family members. Yet, regardless of this, many of the research participants derived their self-confidence from their capabilities to meet their personal and family (financial) needs.

4.3.2 Financial empowerment

Within the context of this study, financial empowerment means that women are financially secure, independent and are capable of making their routine-life expenditures including personal and household. The research participants were encouraged to share how their financial circumstances changed after participation in IFMPs offered by Akhuwat in Pakpattan district. As discussed earlier, women participants valued being financially independent for being empowered; therefore, in analysing the women's experiences of participation in IFMPs, the researcher has particularly focused on how IFMPs helped women achieve financial

independence. However, in exploring the influence on this dimension of empowerment, change in overall financial circumstances had been examined let alone financial independence. It is found that only 11 among the women participants of this study became financially independent after starting their independent microbusinesses through seeking loans from Akhuwat. Rest of the women were not the ultimate loan users since they handed the loan money over to their husbands or other family members. Yet, another five women participants, who were doing jobs at the time of data collection, declared themselves as financially independent as well. These working (employed) women obtained interest free loans to support either their family businesses or household expenditures. However, the women participants, who took the loan to support family businesses, also experienced financial empowerment at household level in terms of family well-being. The financial impacts, as experienced and described by the women participants, are discussed in the following subsections.

4.3.2.1 Financial achievements and capabilities

Majority of the research participants articulated their empowerment experiences, through seeking interest free loans, in terms of achievements such as increase in food consumption, better education for children, buying new clothes for the family, increase in business assets and other small household things. The reported increase in expenditures and assets, either business or household, of the research participants was classified in terms of achievements at personal, household and business level. At personal level, many women experienced an increase in spending on their personal needs, particularly, on consumer products such as food, clothing, and make-up material. At household level, a considerable increase in spending on children education, food, clothing, and other household items was experienced by the women borrowers. However, nearly all of the women participants valued their household financial needs over their personal financial needs, which implies these women sacrificed their personal well-being for family well-being. In other words, these women participants achieved personal

well-being through family well-being. Women tended to spend money on their personal needs when they had enough resources to fulfil their family and household financial needs in the first place. Finally, at business level, access to interest free loans resulted in an increase in business assets and capabilities of the women entrepreneurs to manage running expenditures of their enterprises. Few of the statements are quoted below to reflect on financial achievements and capabilities as articulated by the women participants:

“Few years ago, we were not able to buy many things for our children because we never had enough money to spend on children. However, since I have started my parlour, we have money to spend on our children such as buying some toys or clothes for our children. Although, it has not changed everything but things are much better than ever before.” (Fakhira)

“I feel a big change in my life after starting my own business. I am contributing to my household expenditures and can share the financial burden of my husband. I never thought of starting my own business, even a small one, in my life. Few years ago, I did not have money to take this initiative but I got this help from Akhuwat.” (Nasira)

“Few years ago, we used to look desperately at good clothes that was not possible for us to buy; however, now we are able to buy good clothes”. (Zobia)

“We could not afford private medical care before I started my own business since it is bit expensive. However, it is good now and we can afford private medical care if someone (children) is sick in the house.” (Nasira)

The biggest change, Fakhira experienced in her life, was her achievement to send her children to school, which was not possible for her few years ago. She was extremely happy for being able to provide this opportunity to her children. Few years ago, her total household income was around PKR 8,000 per month and she was struggling to make both ends. Then, she came up

with an idea of opening a parlour at home though seeking loan from Akhuwat, which she could not do without Akhuwat. Every year, she took the loan to buy some business assets such as make-up equipment for her parlour and was able to settle her business in the last few years. Her household income was improved after starting her own parlour, although, she was also spending a part of the loan money in making household expenditures. Similarly, Nasira described her experience in terms of being able to spend money on her own as well as contribute towards household financial affairs. She was able to send her children to private school to give them better education, which she regarded as a great achievement of her life. She also bought business and household items through participation in ROSCAs for which she made monthly contributions from business profits. Many other women participants shared similar stories whereby they talked about improved financial circumstances after participation in Akhuwat's loan programmes. It is found that majority of the research participants were able to send their children to school, cook three meals a day, eat better food, buy new clothes for themselves, their children and their families, spend more money on personal and family health care, and buy small household items (consumer products) after participation in Akhuwat's loan programmes.

All the participants, except three women who took their first loans to support big household expenditures, utilised the loan money in income-generating activities in the first year of their participation in Akhuwat's loan programmes. In the subsequent years, however, many of the women accommodated a major portion of the loan money in making big household expenditures such as making arrangements for children's marriages or house repairs. They argued that they cannot make much savings because things are too expensive and their income is not sufficient to meet all household expenditures. They used the loan money to pay for such expenditures since they could easily return the loan money in instalments without paying any interest. In this way, interest free loans also acted as potential savings for the women borrowers,

which were easily available to poor women, who were incapable of making savings out of their household incomes. With respect to research participants capabilities to make large purchases (T.V., fridge, freezer, washing machines, air cooler, air conditioner, household furniture etcetera), it is found that majority of the women participants were unable to make large purchases after participation in Akhuwat programmes. Women borrowers were only able to set-up small businesses through seeking loans from Akhuwat because the loan amount was too small to set-up large profitable businesses. Due to small profit margins, they could only support their family's livelihood by making day-to-day household expenditures. Further to this, an increase in participants' income was offset by an increase in inflation in the country. Women argued that inflation has dramatically increased over the last few years; however, Akhuwat did not increase the amount of loan relatively.

“We have used the money to support our business but the business is very small. it has helped us to manage our household expenditures but it does not mean that our situation has completely changed. After all, it is a very small amount.” (Fareena)

“I do not feel much difference in my life before and after taking these loans. If our income has increased so is the inflation.” (Roobi)

Although, majority of the research participants experienced a change in their financial situation in one way or the other, after participation in Akhuwat's loan programmes, many women borrowers seemed not happy with the amount of business loans as compared to the loans being offered by other microfinance banks and institutions in Pakpattan district. However, the borrowers must pay heavy interests on such loans, which prevented many women to apply for such loans. In addition to this, majority of the research participants argued that they do not prefer to be a part of such interest-based loan programmes because interest is strictly prohibited in Islam. Many among the research participants were the women who belonged to families that preferred to live in poverty than taking loans on interest. Due to these reasons, many women

had no choice except from taking loans from Akhuwat. In this respect, irrespective of the fact that Akhuwat only offered small loans, it provided a great opportunity to such families by giving them access to interest free loans that can be paid in small instalments over a period of time which is more convenient for the borrowers, which is clearly reflected in the following statement of a study participant:

“I did not have access to even water in my house before participating in this programme.

I mean, our condition was really very bad few years ago because we did not have any source of income.” (Hadiyah)

Put simply, majority of the women participants acknowledged that participation in interest free loan programmes, offered by Akhuwat in Pakpattan district, improved their financial circumstances. Many of the research participants were able to spend money on their own without seeking permission from their husbands, send their children to schools, feed their children better than before, spend more money on consumables, and buy small household items. Moreover, access to interest free loans provided an opportunity to access working capital for their small-scale businesses.

4.3.2.2 Greater sense of financial stability

Although, a common understanding among the research participants was the recognition that the amount of loan is too small to overturn their financial circumstances, Akhuwat provided a greater sense of financial security to the women borrowers, which was repeatedly cited by many of the women participants throughout the interviews. According to the research participants, having access to financial resources is the biggest challenge for the poor in Pakistan because they are excluded from the conventional financial sector since they do not have credit histories and financial collaterals. Majority of the poor rely on their friends and relatives to borrow money to respond any emergency situations; however, even such

relationships have a limited potential to respond to financial needs of the poor, which makes these poor more vulnerable to get trapped in the vicious circle of poverty. Akhuwat has provided these poor an opportunity to access credit without submitting any financial collateral. Moreover, the poor do not have a sustainable source of income that is sufficient to cover their household expenditures, which inhibits their access to interest-based loans. Akhuwat has also tapped this issue by offering loans which are completely free of interest, which has encouraged many poor to participate in Akhuwat's loan programmes. It provided a greater sense of financial stability and financial security to the poor women borrowers of Akhuwat. Many women spoke of their control on financial affairs before and after participation in loan programmes offered by Akhuwat in Pakpattan district. It is reflected in the statements quoted below:

“Sometimes it becomes difficult to manage things due to some additional expenses; however, in general, things are better than before. And, I feel that we have control on our financial condition now.” (Fakhira)

“Although, there are ups and downs in the life but I think we have a stable condition comparatively. Sometimes, we have to respond to an emergency situation and sometimes we have to attend a wedding ceremony. We are now in a position to deal with such issues. However, we are still unable to respond financially to a big financial emergency.” (Nabeelah)

Many of the research participants mentioned that they do not go for borrowing money from their friends and relatives anymore unless there is a financial emergency that we cannot deal with on our own. Women felt financially secure because they believed they have access to affordable financial resources, which implies that participation in loan programmes of Akhuwat improved financial capabilities of the women borrowers, although it did not completely change their lives.

4.3.3 Socio-cultural/political empowerment

In articulating their perception on empowerment, the research participants highlighted some socio-cultural/political aspects of empowerment as well, which included: control on household affairs, freedom, personal, social and business relationships and protected women rights. This section presents the findings on how participation in interest free microfinance programmes influenced socio-cultural dimension of women empowerment. It is found that, although, Akhuwat only provided access to small interest free loan, many of the research participants spoke of social impacts of participation in Akhuwat's loan programmes as well, which are discussed below.

4.3.3.1 Control on household affairs

As discussed earlier, few of the women participants argued that a woman is empowered if she has control on the household affairs because household management is the primary responsibility of a woman. Although, Akhuwat did not play any significant role in improving women's control on household affairs since it only gave them access to small scale interest free loans, few of the women participants talked about improved control on household affairs in articulating their experiences of participation in Akhuwat programmes. For instance, Sajida talked about her role in household affairs after participation in Akhuwat programme in the following words:

“I am earning myself now and I contribute towards my household expenditures; therefore, things are much different now. And it is really good. I feel it good.” (Sajida)

One third of the women participants set up their personal microbusinesses through seeking loans from Akhuwat, which enabled them to contribute towards financial affairs of their households, which earned them respect and honour in the eyes of their husbands and their families. Subsequently, their value increased within the households, which transformed into

improved control on household affairs. They were given privilege to take part in the household decision-making such as children education, children marriages, and making household buying. Their opinions were respected, particularly, by their husbands. Similarly, few of the research participants, particularly, among those who were living in nuclear-family structure, experienced an improved control on household affairs due to improved financial conditions irrespective of the fact that they were the ultimate loan users or not. They argued that a woman can have a better control on household affairs when she has control on her household financial affairs. On the contrary, however, majority of the research participants did not experience any improvement in their control on household affairs. They argued that these loans have nothing to do with women's control on household affairs since it is primarily determined by the family culture and environment.

4.3.3.2 Improved relationships

A common understanding among the research participant was the acknowledgment that their personal, social and business relationships have considerably improved after participation in loan programmes offered by Akhuwat. Majority of the women spoke of improved relationships with their husbands owing to the improved financial conditions of their families. Fakhira had developed strong relationships with women of her area, with her mother-in-law and especially with her husband. She said people who never wanted to have relationships with her family, more often visit them now. She reflected on this in following words:

“The thing is that when you are living a good life, everyone keeps relations with you. People often avoid having relationships with poor people who will be approaching them again and again for some kind of favour. It is bitter but it is true; at least in our society.”
(Fakhira)

She argued that her husband and her mother-in-law give more respect to her because they both know she is working for the betterment of entire family. In short, she had a great experience in terms of change in relationships. Similarly, Nabeelah also spoke of her improved relationships with her husband, although, she did not have good relationship with other family members from her in-laws. Few years ago, her husband's business was not running good and they used to quarrel (almost) every day because her husband could not earn enough money to make both ends. Nabeelah spoke of her improved relationship in the following words:

“Now, we have made our fruit shop and my husband is earning enough to support our household expenditures. Although, he is tired when he comes back home but he is not frustrated at least. When you do not have any stress or tensions, your relationships improve automatically.” (Nabeelah)

Women participants argued that if you cannot eat proper food and manage household expenditures, it will cause stress and tension, which will so become a reason for hot arguments between the family members. Pakeezah said, she used to fight her husband when she was not able to feed her children properly and when she could not buy new clothes for her children on Eid and other festivals. She used to borrow money from her friends, relatives and neighbours but they had started avoiding her. Since, participation in Akhuwat's loan programme she had stopped borrowing money because her husband started earning money. Subsequently, her relationships improved with her friends, relatives and neighbours, particularly with her husband. Nasira further substantiated this argument in the following words:

“It is obvious that when you are financially and economically good, your relationships become good as well. The problems occur when you have not enough to eat and spend and your financial condition is not good. But, when your financial condition improves, your relationships improve accordingly.” (Nasira)

Another woman linked her improved relationships with her engagement in business activities, whereby she developed relationships with other women who were doing similar businesses. Similarly, many women developed relationships with their group members as well. Zobia earned respect and honour due to her business skills since she transformed skills to other poor women of her locality as well. However, at the same time, few other women, particularly housewives, did not experience specific change in their personal and social relationships. They rather argued that relationships have nothing to do with the loan money, in fact, your ability to socialise matters. In short, overall, majority of the women borrowers experienced an improvement in their personal, social and business relationships after participation in IFMPs offered by Akhuwat in Pakpattan district. Further to this, the research participants were particularly asked to share if Akhuwat had provided a platform to build and promote personal, social and business relationships among the women borrowers; however, no evidence has been found to establish that Akhuwat effectively provided such a social platform to the women borrowers. Consistent among the research participants was the acknowledgement that they had no regular weekly or monthly meetings with other women borrowers or Akhuwat staff. Majority of the research participants only met other women borrowers once at the time of loan dispersion in every year of their participation in Akhuwat's loan programmes.

4.3.3.3 Freedom

Freedom was another important aspect of empowerment identified in analysing women's perception on empowerment. The research participants spoke of two aspects of freedom: freedom of mobility and freedom to exercise choices. With respect to freedom of mobility, majority of the research participants, however, endorsed that women should have freedom of mobility as defined by Islam. Therefore, in analysing the influence on freedom of mobility, the researcher focused on both aspects of freedom of mobility. It is found that the few of the research participants experienced and spoke explicitly of freedom of mobility; yet, none of

them mentioned that she had complete freedom of mobility. Equally important to mention is the fact that safety and security were the major issues that limited women's mobility as compared to cultural, religious and family values. Among the research participants, women entrepreneurs had more freedom of mobility as compared to women who were full-time housewives, who took the loans to support their family businesses, since the women entrepreneurs were responsible for visiting the markets to purchase business products on their own. The women entrepreneurs, who were engaged in cloth-selling business, frequently visited local markets as well as travelled to nearby cities to buy unstitched clothes. Yet, majority of the research participants did not relate freedom of mobility with participation in Akhuwat's programmes. Many of the women participants had freedom to perform their routine-life activities, including visiting markets, friends, and relatives either in the company of male family members or on their own even before participation in Akhuwat's programmes.

On the contrary, participation in Akhuwat's programmes had limited influence on women's freedom to exercise choices. Many women believed that there are no opportunities for the women in small cities and if they are working they had no other option to exercise their choices. For instance, Gulshan spoke of her lack of freedom to exercise choices in the following words:

“We do not have that much money that we can do anything we want to do. We have a family to look after and a family requirements are difficult to deal with a small business. So, having been able to make our living does not mean that we can do whatever we want to do.” (Gulshan)

Gulshan referred to prevailing high inflation in the country with respect to her household income, which limited her freedom to spend money on things she liked. For instance, if she wanted to enrol her children in private schools, she could not do because she had no money to exercise this choice. Nabeelah substantiated Gulshan's point of view by stating that:

“We are just making our living. We cannot eat whatever we want to eat because everything is too expensive now. For instance, we cannot eat chicken every other day, although, our children like to eat it. Our business is going good but it is only helping us to eat 3 times a day and meet our household expenditures.” (Nabeelah)

Similarly, women entrepreneurs, who were selling clothes at home, were uncomfortable in traveling to other cities for buying unstitched clothes; however, they had no freedom to exercise this choice. Yet, with respect to decision-making, many women willingly let their husbands and other family members take decisions regarding household affairs, which is very common among the women in Pakistan, despite of having freedom to exercise their right to make decisions. Women argued that if the reasonable decisions are taken for the betterment of family members, then it does not matter who take such decisions. In light of this discussion, it is concluded that participation in Akhuwat’s loan programmes had no particular influence on women’s freedom of mobility and freedom to exercise choices. Women participants, who established their personal businesses through seeking loans from Akhuwat, however, were relatively in a better position, in terms of having freedom, as compared to women who handed the loan money over to their husbands or other family members.

4.3.3.4 Sense of control on life

Many of the research participants articulated that they feel a sense of control on their lives after taking part in Akhuwat’s loan programmes. Women spoke of their impoverishments when they had no access to credit in making comparisons of their lives before and after participating in microfinance programmes. For instance, Fakhira said:

“I feel a sense of control on my life now. We now go to parks even to spend some quality time with the family, which was not the case few years ago. As you may know, your life changes when you have less tensions in your life.” (Fakhira)

Fakhira linked her improved financial circumstances with improved health, which gave her a feeling of having control on life. Similarly, Bushrah linked her feelings of living a full life with her capabilities to educate her children and feed them well. She further added that it did not change all of sudden but over a number of years of fighting their financial circumstances. Women shared their feelings that reflected on things they were able to do after participation in Akhuwat's loan programmes, which they could not do few years ago when they had no access to credit. Nasira added to this by referring to her capability of managing life affairs:

“I had problems in the beginning in managing my household and business responsibilities. However, with time, I have learned to keep a balance between my household and business responsibilities. The thing is that you have to make compromises in life to move forward.” (Nasira)

It is noted that women participants, who were entrepreneurs and used the loan money to support their microbusinesses, had a greater sense of control on their lives as compared to many of the women participants who were not the primary beneficiaries of loans. However, as mentioned earlier, majority of the women participated in Akhuwat's loan programmes to support their family businesses or fund household expenditures. Due to these reasons, women's experiences largely vary from each other across all dimensions of women empowerment perceived and articulated by the women participants.

4.4 Chapter Summary

In this chapter, the researcher has presented the research findings, in response to the main research question posed within this thesis, using the themes identified in analysing the women's narrative accounts of their subjective understanding on women empowerment and their lived experiences of participation in IFMPs offered by Akhuwat in Pakpattan district of Pakistan. The research participants' responses have been categorised to report the findings in accordance with the main research questions posed within this thesis: a) how do women perceive empowerment in a specific-context of Pakpattan district? And b) how do participation in interest free microfinance programmes empower the women borrowers? Capability approach was employed to explore and analyse women's perceptions to conceptualise empowerment based on what they valued and had reasons to value. It followed by presenting the analysis on how IFMPs influenced empowerment of women based on their lived experiences of participation in such programmes.

Chapter 5 Discussion on research findings

5.1 Introduction

Having presented the findings in the earlier chapter, this chapter has discussed the research findings in a broader context by comparing the findings, identified in analysing women's perceptions on empowerment and their experiences of participation in IFMPs offered by Akhuwat in Pakpattan district, with the existing microfinance literature. Although, it is difficult to make this comparison due to difference in the context of the study, research method, research philosophy as well as the characteristics of microfinance programmes; it is a crucial step to enhance understanding of the concept of women empowerment and impact of small-scale financial services such as microfinance programmes on empowerment of the participating women borrowers. It starts with relating how empowerment is conceptualised in the literature and how the research participants interpreted empowerment in the context of their respective lives. The intention of the researcher was not to present a new definition of empowerment but to describe empowerment as perceived by the research participants. It is followed by the discussion on how participation in IFMPs influenced women's perceived empowerment and how it relates to the findings of the existing literature on this domain. Finally, the chapter has concluded by the discussion on research findings.

5.2 Dimensions and indicators of women's perceived empowerment: A comparison with the literature

The research participants' descriptions of empowerment were analysed to understand what they valued for being empowered and how they gave meaning to the phenomenon of empowerment in the context of their lives. It was informed by the argument that empowerment is a context-

specific phenomenon and it needs to be conceptualised within a specific context (Cattaneo & Goodman, 2015; Christens, 2012; Neal & Neal, 2011; Zimmerman & Warschausky, 1998). Although, it has extensively been argued that empowerment is a context-specific phenomenon (Malhotra et al., 2002), majority of the existing studies have used pre-established list of indicators to assess, evaluate, measure, or examine the impacts of microfinance programmes on women empowerment. Therefore, this study is unique in a sense that it has given priority to the women to voice their perceptions on what they value for being empowered to conceptualise effective empowerment indicators without imposing what empowerment should be. It is one of the few studies that focus on subjective understandings of the research participants' experiences to reflect on their life world to conceptualise empowerment through participation in IFMPs.

Capability approach has been used to focus on capabilities (freedoms and choices) women value in their respective lives based on the context of their cultural, religious and social settings, which is the core reasoning of capability approach as argued by Sen (1990, 1993), to identify potential empowerment capabilities (indicators) of women borrowers of Akhuwat in Pakpattan district in Pakistan. Sen (2005) has argued that such capabilities are subject to both purpose and context in which the capabilities have to be examined or assessed and hence should not be decided by the theorists/researchers on their own. He argued that proposing a list of capabilities, as employed in majority of the existing studies on this subject, is not a problem, yet proposing a pre-defined list is a major problem; therefore, empowerment capabilities have been derived from the narratives of the research participants (Alkire, 2005; Clark, 2005; Robeyns, 2005). It is argued that identifying such capabilities will help to understand a true picture of the influence of participation in IFMPs on empowerment of the participating women borrowers. Empowerment capabilities (dimensions and indicators) identified from women's perceptions of what empowerment means in their respective lives have been primarily used to

understand the influence of participation in Akhuwat's programmes on empowerment of the participating women borrowers in Pakpattan district of Pakistan. Further to this, as discussed earlier, the influence has not only been examined in terms of achievements (what changed in women borrower's lives after participation in Akhuwat's loan programmes) but in terms of potential achievements (what women borrowers' were capable of achieving due to participation in such programmes) as well. In this way, as argued by (Sen, 1999, 2005) in articulating capability approach, this study has captured a more realistic picture of empowerment experienced by the women borrowers who participated in Akhuwat's loan programmes in Pakpattan district of Pakistan.

The research findings, indicative of women's perceptions on empowerment in a specific-context of Pakpattan district of Pakistan, were clustered around three superordinate themes: personal empowerment, financial empowerment, and socio-cultural/political empowerment. These findings show that the research participants identified empowerment as a multidimensional construct, which is consistent with the literature on this scholarship (Alsop et al., 2006; Malhotra et al., 2002; Mason & Smith, 2003; Peterson, 2014; Rehman et al., 2015 among others). For instance, Malhotra et al. (2002), referring to empowerment dimensions, mentioned six areas that can be used to assess or evaluate the impact of microfinance programmes on women empowerment (see section 2.6). Similarly, Niketha et al. (2017) used seven empowerment dimensions to develop an empowerment index to measure the empowerment of the women through dairy cooperative, which included social, economic, psychological, political, cultural, legal and technical empowerment. In the microfinance context, the focus has largely been on economic dimension of women empowerment by assuming the rolling impact of improving women's economic dimension on other dimensions of women empowerment (see for instance: Bradshaw, 2013; Norwood, 2013 among others). However, the findings of this study adds to the critics that economic empowerment not necessarily

influences empowerment across other dimensions (Bayissa et al., 2017; Khan et al, 2013; Mahmud et al., 2012) and different dimensions may vary independently. It substantiates the findings reported by Bayissa et al. (2017), who has not found any strong link between economic empowerment and other dimensions of empowerment. They argued that economic empowerment is hardly linked with other dimensions of women empowerment and in order to empower women across all dimensions, a broad array of interventions is needed. The study findings contradict the findings of Bhatt and Bhatt (2017), who argued that empowerment dimensions are interlinked with each other and economic empowerment has a rolling impact on other dimensions of women empowerment.

Similarly, this study has found that many social and cultural factors inhibit empowerment at personal, household and business level, which are beyond the control of either lending institutions or women borrowers. Similarly, law and order situation in a particular context also influence empowerment aspects of the women borrowers. For instance, safety and security of women, when they are outside their homes, is the responsibility of the state institutions instead of MFIs since it is linked with the implementation of law and order in the country. Women's freedom of movement can only be improved when they feel secure in moving outside. Similarly, it is state's responsibility to provide educational facilities for women since MFIs are highly unlikely to provide such facilities at its own expense, particularly, IFMIs. Although, Akhuwat has opened a university, Akhuwat University, in Lahore to support children of poor families who cannot attend other educational institutions due to financial restraints, it cannot do so at large scale. For instance, this study has found that more than half of the research participants' (women borrowers of Akhuwat) were uneducated; yet they had not received any educational facilities from Akhuwat at any point of time throughout their participation in Akhuwat's programmes. It substantiates the argument established earlier that in order for empowerment to sustain longer, actions taken by women need to be accompanied by actions

taken by state or government institutions as well as other private institutions such as MFIs (Bisnath, 2001; Batliwala, 2007; Mayoux, 1999). It is also consistent with Narayan-Parker (2005), who argued that empowerment needs eradicating formal and informal institutional barriers that inhibit poor women and men from improving their well-being. Lastly, this study has found that empowerment indicators did not mean or signify empowerment collectively for all research participants of this study, which is a unique and significant finding of this study raising question on the reliability of empowerment indicators to capture empowerment through participation in microfinance. Discussion on different empowerment dimensions is carried out in the following subsections.

5.2.1 Personal empowerment

Among the three overarching empowerment themes, personal empowerment was the most important dimension consistently argued and valued by the research participants. Although, the research participants did not directly speak of personal empowerment, it was derived from their descriptions of what they valued for being empowered and what empowerment constituted of in their eyes. It supports the findings of Bayissa et al. (2017) as well as Niketha et al. (2017); however, both of these studies have used psychological empowerment instead of personal empowerment. The present researcher has used a more comprehensive term personal empowerment to accommodate factors that represent women's personal capabilities including psychological. Both of the early mentioned studies have reported that psychological empowerment is the most important, central and foremost step to empower women. Luttrell et al. (2009, p. 7) also highlighted the significance of personal empowerment by arguing that the process of acquiring power must start with the individual through awareness and "a change in their own perceptions about their rights, capacities and potential". Although, there are many aspects of personal empowerment, the participants of this study have recognised education and

decision making as being the most important, which have been used to explore women's experiences of participation in IFMPs offered by Akhuwat in Pakpattan district of Pakistan.

It has widely been recognised that access to education is one of the fundamental rights of a woman (Jejeebhoy, 1995), and there is ample evidence to claim that education empowers women (Kabeer, 2005). It is believed that education may affect household power-relations and enable women to effectively utilise skills, resources and knowledge for their welfare (Dunford, 2012; Samarakoon & Parinduri, 2015). Put simply, education is a resource or a pre-condition or an enabling factor (Narayan-Parker, 2005; Schuler et al., 2010) for women to experience empowerment, although, it is debatable to claim that education empowers women irrespective of the region, culture, and social setting (Jejeebhoy, 1995; Kabeer, 2005). It also needs attention and stronger evidence to claim what level and kind of education is required for women to become self-autonomous or empowered (Kabeer, 2005). Despite all of these odds, the research participant's claim –being educated is being empowered –is supported by many studies albeit it does not necessarily mean that uneducated women are not empowered or cannot be empowered. Moreover, as the research participants highlighted, it includes both formal education (school/college/university degrees or diplomas) and practical education (vocational skills from any discipline). Interestingly, the study has found that practical education (vocational skills) has been more useful for majority of the research participants in their postmarriage lives. Having skills such as tailoring, embroidery, stitching or parlour helped women to establish their personal businesses through seeking loans from Akhuwat. These findings were similar to the findings of Harley et al. (2018, p. 11) who found that women participants perceived “skills as source of success and self-sustainability”.

MFIs have also recognised the importance of both education and training, particularly financial literacy, to enhance women's capacity to deal with business transactions. Nawaz (2015) even concluded in their study of SHGs that financial literacy was more important than access to

credit for empowering women in Bangladesh. Postmus et al. (2013) reported similar findings by concluding a significant positive relationship between financial literacy and economic empowerment. Dunford (2001) postulated that adding training and educational components to credit programmes will increase the probability that loans will be used for the intended income-generating activities. Sharma and Varma (2008), who studied the role of self help groups (SHG) in empowering women through entrepreneurship activities in India, also proposed that assimilating “entrepreneurship education and training” will increase women’s self-confidence and self-reliance. It is also noted from Bezboruah and Pillai (2013) that participation in microfinance resulted in acquiring skills and knowledge, which implies that MFIs have also acknowledged training and education as an important factor to empower women through participation in microfinance programmes. On the contrary, it is noted from the literature that change in decision-making capabilities has consistently been used by researchers as an empowerment indicator to assess, evaluate or examine the impact of microfinance programmes on empowerment of women (see for instance: Cherayi & Jose, 2016; Hashemi et al., 1996; Kabeer, 2005; Rahman, 1999 among others). It is a central feature of numerous empowerment definitions quoted earlier in the table 2-5. For instance, Ganle et al. (2015, p. 36) defined empowerment by stating that, “A process of change by which individuals (women) or groups with limited choice, freedom, and power are enabled to gain and leverage power that enhances their ability to exercise choice and freedom in ways that positively contribute to their well-being”. A notion coming from the literature implies that decision-making is a universal or standard empowerment indicator, which has been used by the researchers irrespective of the context of their research. However, the present study has found that, although, hypothetically decision-making is an important aspect of women empowerment, it does not necessarily mean or signify empowerment universally. During the interviews, many women participants have been found arguing that it does not matter who makes the decisions

as long as the decisions are being taken for the betterment of the family, which supports the argument established by Malhotra et al. (2002) that certain empowerment indicators may not mean or signify empowerment with the change of context.

5.2.2 Financial empowerment

Financial empowerment represents another important dimension of women empowerment identified in analysing how the research participants interpreted empowerment in their respective lives. Many women, who participated in this study, believed that women are empowered when they are financially stable, secure and capable of meeting their personal and household financial needs independently or at least have access to financial resources to fulfil their financial needs. These findings support Sujana (2016, p. 43) who argued that, “women empowerment shall remain incomplete without financial empowerment”. However, it is important to mention that majority of the literature, in this context, refers to economic empowerment instead of financial empowerment, which is a broader term that includes many factors including financial independence (Bezboruah & Pillai, 2013; Bliss, 2005; Matin et al., 2002; Norwood, 2013). Similarly, many closely related concepts have also been found in the literature that may replace financial independence such as Harley et al. (2018) have used the term ‘self-sustainability’, Campione (2008) used the term ‘self-efficacy’, and Postmus et al. (2013) referred to the term ‘self-sufficiency’. Yet, all of these terms, more or less, refer to the “resourcefulness of individuals” to meet their needs, including financial, independently (Harley et al., 2018).

Since 1970's, Muhammad Yunus, the Nobel Laureate, has prolifically been working to promote financial independence, particularly, among the poor women by advocating access to credit as a human right (Yunus, 2003). With the help of microcredit and Grameen Bank, he has been trying to create income-generating activities for the poor women in Bangladesh by

rejecting the assumption that charity is a solution to the poverty. He argues that charity promotes poverty and dependency, which inhibits individuals to take initiatives. Nath and Dutta (2017, p. 35) support this insight by concluding in their study that “the income based occupational status of women has a positive impact on their level of empowerment”. As discussed earlier in chapter 2, microfinance interventions are particularly designed to trigger economic development by giving women access to microcredit to encourage them to establish small scale microbusinesses to become financially independent (Benerjee & Duflo, 2012; Yunus, 2003). A great deal of literature supports the argument that access to finance is imperative to empower women (See for instance: Benerjee & Duflo, 2012; Hashemi et al., 1996; Khan et al., 2011; Kumar et al., 2015; Lalitha & Nagarajan, 2002 among others). In fact, the prevailing assumption that microfinance empowers women is typically rooted in the financial empowerment paradigm, which entails that women’s access to finance necessarily leads to empowerment (Sutton-Brown, 2011). Negash (2010) substantiated it by arguing that increased income in the hands of women resulted an increase in self-confidence of the women, which subsequently helped them improved their decision-making capabilities across household, economic and fertility decisions. Although, as noted, financial independence is an important aspect of being empowerment, this study has found that it cannot be universally applied. For instance, many of the research participants, who had never been in any kind of employment/self-employment, rather tended to justify their role as being housewives. They argued that women’s primary role is to look after her family; whereas, men are responsible to earn and look after their families. They backed their stance by referring to the role of men and women defined by Islam. Although, it is debatable under what circumstances Islam has instructed women to keep themselves to their homes, the present researcher was explicitly interested in understanding and exploring empowerment, in a particular context, based on what the research participants (women) valued for being empowered and had reasons to value, which

is consistent with arguments established by Clark (2005), Kabeer (2011) and Sen (1990, 2001) among others.

There is another caveat that needs to be discussed here. Although, microfinance focuses on empowering women through helping them establish small-scale sustainable business (Ackerly, 1995; Aghion & Morduch, 2005; Holvoet, 2005; Rowlands, 1995; Yunus, 2003), many of the research participants valued being employed for being financially independent, either due to lack of business skills, lack of (personal) interest in business, or due to household responsibilities. It supports the argument established by Gibbons (2002), whereby they postulated that every poor household not necessarily has a woman capable of engaging in or initiating income-generating activities on her own to effectively utilise the loan money. It implies that women borrowers participating in microfinance programmes may not benefit equally, which could potentially result in business losses, business failure or may even lead women to using the loan money in making household expenditures. Put together, the findings of this study highlighted that many women, who established their own businesses through seeking loans, may have chosen to become part of microfinance because they had no (real) freedom to do a job otherwise to achieve financial independence.

5.2.3 Socio-cultural and political empowerment

It has extensively been argued that empowerment is a context-specific and multidimensional phenomenon, which implies social, cultural and political factors, relevant to a specific-context, are of particular importance in studying or conceptualising women empowerment (Garikipati, 2013; Malhotra et al., 2002). This study has drawn four major socio-cultural and political empowerment indicators from the research participants' narratives including women's control on household affairs, freedom, relationships and women rights. Although, these empowerment indicators are of more relevance to the lives and context of the research participants, many

existing studies have used either one or more of these indicators in one way or the other, which signifies and validates the relevance of socio-cultural empowerment indicators drawn from women's narratives. Yet, the findings of this study are unique in many ways. For instance, mobility has consistently been used as an indicator to assess or evaluate the impact of microfinance programmes on social empowerment of the participating women borrowers (See for instance: Ganle et al., 2015; Hashemi et al., 1996; Hossain, 1988; Kabeer, 2005 among others). However, the findings of this study reveal that (improved) mobility did not necessarily mean empowerment for every woman borrower of Akhuwat who participated in this study, which is consistent with the argument established by Garikipati (2013). The research participants (women) had two different views on freedom of mobility: one who argued for freedom of movement with no restriction at all and others who perceived freedom of movement as defined by the religious or cultural values of Pakistan. It is based on the premise, as articulated by the research participants, that religion does not prevent but limit the mobility of women for their own welfare. Yet, it is also noted that every woman tended to define it according to her own family culture, which makes it highly subjective as well. At the same time, Islam grants women the right to choose whether to stay home or take part in outside activities including employment/self-employment provided their socio-cultural settings are not too onerous. It implies that socio-cultural factors may influence women's freedom of mobility and shape their preferences in exercising their right of freedom to choose (Garikipati, 2013). Similarly, safety, security and harassment of women in moving around public places was another major issue noted during the data collection process, which inhibits women's freedom of mobility.

Similarly, a number of studies have used 'women's role/control in household decision-making (Cherayi & Jose, 2016; Mahmud et al., 2012; Osmani, 1998; Steele et al., 1998) and control on household resources (Schuler et al., 2010; Varghese, 2011; Zaman, 1999) as an empowerment

indicator, which is a variation of ‘control on household affairs’ as identified in this study. Likewise, change in women’s personal, social and business relationships after participation in microfinance programmes have also been the focus of many studies (see for instance: Hermes et al., 2005; Ito, 2003; Mayoux, 1999, 2001; Mizanur-Rahman & Ahmad, 2010; Morduch, 1999; Postelnicu et al., 2013; Rahim & Rahman, 2010; Wydick, 1999 among others). In fact, the root-term ‘power’ of empowerment has been the most debateable issue among the empowerment theorists (see section 2.6.2 for detailed discussion on this). Another aspect highlighted by the research participants included protection of women rights that promotes women empowerment; however, since it is the state’s responsibility to ensure women’s rights, it was beyond the control of MFIs or women. Hence for, it was beyond the scope of this study to explore this aspect of women empowerment.

5.3 Empowerment through participation in IFMPs: comparison with the literature

The research findings highlighted that, although, women borrowers of Akhuwat, who took part in this study, experienced changes, particularly financial, in their living circumstances at personal, household and business levels, after participation in Akhuwat programmes, it has not (considerably) influenced women’s perceived levels of empowerment. In one way or other, these findings support the findings of many studies including Afrin et al. (2010), Aslanbeigui et al. (2010), Chowdhury (2008), Coleman (1999), Cornwall (2016), Drolet (2010), Fatimah (2009), Ganle et al. (2015), Garikipati (2008, 2012), Geleta (2016), Goetz and Gupta (1996), Guerin et al. (2013), Hughes et al. (2015), and Kabeer (2001). Garkipati (2008) who carried out a study in India to assess the impact of microfinance programmes on household vulnerability and women empowerment. She reported in her study that lending to women is

highly likely to affect the household capacity to combat vulnerability; however, women themselves, especially poorest ones, are unlikely to experience improvements at household level. Garikipati (2012) further substantiated this view. The research findings also support the view presented by Afrin et al. (2010) who only found a positive impact of participation in microfinance programmes on survival of the participating borrowers. Cheston and Kuhn (2002), similarly, concluded that microfinance does not necessarily leads to women empowerment, although, some may experience a degree of change in empowerment capabilities as a result of participation in microfinance.

Based on the research findings, the current study postulated that women empowerment is a more complex mechanism than projected by the literature, which is highly influenced by the context in which it is studied, which includes socio-cultural and political factors (Cherayi & Jose, 2016; Uddin, 2015) that are beyond the control of MFIs or women. The research findings reassert that there is a need to understand empowerment comprehensively in relation to a particular context before introducing financial or economic development interventions aimed at empowering poor women. It supports the findings of Aslanbeigui et al. (2010) who concluded that empowerment is not a viable candidate to assess the impact of microfinance programmes and the issue of women empowerment cannot be adequately addressed without changing the ancient customs that inhibit women's empowerment. Similar findings were reported by Fatimah (2009), however, she argued that improving women's self-confidence and self-reliance can help tackle socio-cultural factors inhibiting women's empowerment. One of the significant findings of this study is that microfinance interventions alone are highly unlikely to empower women, which calls for an interactive role between the state and MFIs and a holistic empowerment approach (Cornwall, 2016; Drolet, 2010; Hughes et al., 2015), which substantiates an earlier argument presented in section 2.6.2.

The current study has found that majority of the research participants were not the primary beneficiaries of loans, although, in most of the cases loan money was used for income-generating activities, which suggests that women had no control over use of the loan money. Chowdhury (2008) reported similar findings by concluding that participation in microfinance programmes primarily supported existing male entrepreneurs than promoting women entrepreneurship. Interestingly though, Akhuwat allowed the women borrowers to use the loan money in their family businesses run by their husbands or other male family members; however, as Garikipati (2008) argued, control on productive assets needs to be challenged if women's empowerment is the aim of microfinance interventions. It also supports the findings of Geleta (2016), who could not find a strong link between participation in microfinance and women empowerment. They argued that contemporary microfinance practices do not challenge household power relations and control on the use of loan money, which so overburden women's responsibilities.

Moreover, although, the research participants claimed using loan money for income-generating activities, it is noted from research participants' descriptions of their experiences, that many of them employed the loan money to support big household expenditures, particularly in the second or later years of their participation in Akhuwat's loan programmes, which makes it difficult to track the control on the use of loan money for productive uses only. A similar issue was highlighted by Goetz and Gupta (1996) in studying the women's control on the use of loan money, whereby they recognised this difficulty by reporting that it is difficult to "establish clear patterns of loan control once the credit enters the rural households" (p. 61). Altogether, the research participants' narratives suggest that empowerment is a multidimensional process, which includes personal, financial, and socio-cultural/political aspects. With the help of empowerment indicators, drawn from women's narrative accounts, these aspects have been

explored in section 4.3. The discussion on the research findings have been carried out in the upcoming subsections.

5.3.1 Influence on personal empowerment

Being educated and being capable of decision-making have been found as the two important indicators of personal empowerment, which have been used to explore the influence of participation in Akhuwat's programmes on personal empowerment of the research participants. However, other aspects of personal empowerment have also been considered in analysing women's experiences of participation in Akhuwat's loan programmes. With respect to educational (both formal and practical) aspect, it is found that Akhuwat did not offer any educational or training opportunities to the women borrowers in Pakpattan district; therefore, women did not experience any improvement either in the form of increased awareness or business skills that can be directly attributed to participation in Akhuwat's programmes. Yet, women borrowers, who set up their own businesses through seeking loans from Akhuwat, learned business skills either through their experiences or from their friends and relatives. These findings support the assumption of experiential learning, which suggests that "much of the learning that takes place in an entrepreneurial context is experiential in nature" (Politis, 2005, p. 399). Yet again, individual characteristics determine how they learn from their past experiences.

With respect to decision-making capabilities, the research participants experiences greatly varied from each other, although majority of the women participants did not experience any considerable change in their decision-making capabilities before and after participation in Akhuwat's programmes. The findings reflect that access to credit does not influence women's role in decision-making, particularly at personal and household level; however, household power relations and family culture and norms (largely) determine women's role in decision-

making, which support earlier findings reported by Hashemi et al. (1996) and Mayoux (1998) among others. Holvoet (2005) also found similar results in studying women's decision-making agency, who argued that decision-making patterns are unlikely to be challenged by direct access to credit whether delivered to men or women. She, however, added that training and group meetings have the potential to alter these patterns among the women borrowers. It implies that programme features can influence the process as well as the outcomes of empowerment process (Hansen, 2015; Nawaz, 2015). Hansen (2015) argued that participation in a few or even single training programme can improve women's psychological empowerment. Garikipati (2012) further substantiated this by arguing that access to credit alone is unlikely to increase women's work time value, which will lead to misappropriation of loans. However, majority of the research participants valued joint decision-making as a quality of empowerment, which is more like a norm-following varying with the context. In terms of joint decision-making, at the time of data collection, it is found that majority of the women had made decisions jointly in the past and were capable of making joint decisions for their household affairs, children education and children marriages etcetra. However, majority of the research participants did not attribute their capabilities, to influence household decision-making, to participation in Akhuwat programmes but to family culture and norms as well as the nature of decisions. These findings support the findings of Geleta (2016) as well as Guerin et al. (2013) among others.

The sampled women borrowers provided an opportunity to the researcher to make a within the sample comparison between women who took the loans to set up their own businesses and women who took the loans to support either their family businesses or household expenditures. In this context, it is found that women entrepreneurs were comparatively in a better position; since they had been taking independent decisions regarding their business affairs as well as more involved in household decisionmaking due to their financial contributions towards the

household incomes. They had also better control on the use of loan money as compared to the women who were not primary beneficiaries of loans. Interestingly though, women's role in decision-making varied across the decision-making categories. Women entrepreneurs were more dominant in making small household decisions such as managing household grocery needs; however, women made decisions jointly with their husbands and other family members regarding big household purchases, children education, children marriages. Similar findings were reported by Nawaz (2015), who found clear pattern of decision-making categories among the women borrowers. Qazi et al. (2013) also found women borrowers more involved in household decision-making after becoming financially independent by setting their personal businesses through seeking microfinance loans. At the same time, the study has also found that women entrepreneurs had added responsibilities to look after their business affairs in addition to household management responsibilities and caregiving of children, although, they seemed not worried with an increase in their responsibilities. Similar findings were reported by Geleta (2016), who argued that household division of labor overburden women responsibilities both at household and entrepreneurship level. However, it is important to mention that women entrepreneurs only made up one third of the sample size. An interesting finding of this study is that many research participants let their husbands take important household decisions despite having capabilities to make sole or joint decisions. Qazi et al. (2013) also reported similar findings by noting that women preferred their husbands, sons or others take decisions, whether or not they had the capacity to make joint decisions. It implies that simple measures to use decision-making as empowerment indicator are unlikely to capture a true picture decision-making capabilities of the women borrowers of microfinance.

Another important finding of this study is that participation in IFMPs helped many of the research participants gain self-confidence and a feeling of self-reliance. They were also confident to make both ends being part of Akhuwat's loan programmes. It is consistent with

the findings of many studies including Kim et al. (2007), Krenz et al. (2014), Nawaz (2015), Steele et al. (1998), and Swain and Wallentin (2007, 2009) among others. Women entrepreneurs, particularly, gained respect, honour and value in the eyes of their families and communities when they started making financial contributions towards their household incomes. It supports the findings of Hashemi (1996), who found a positive and significant socio-economic impact of women's engagement in house-based income generating activities on women's and their families. Interest free element of Akhuwat's loans proved to be an added advantage for the women borrowers; since 73% of the research participants never approached interest-based microfinance loans despite of their inability to make both ends before taking part in Akhuwat's loan programmes. They were confident to take part in Akhuwat's loan programmes without compromising their religious beliefs. The research participants consistently praised Akhuwat by recognising that they only took loans from Akhuwat because there is no interest on these loans, which does not affect their religious values. It substantiates the view presented by Kaleem and Ahmed (2010), Meraj (2016) and Rahim and Rahman (2010), who acknowledged that interest-based microfinance failed to serve a large segment of Muslim population across the world. Many among the research participants also acknowledged that Akhuwat's staff dealt with them with respect and honor, which boosted their self confidence to continue participating in Akhuwat's loan programmes. It substantiates the findings of Rehman et al. (2015), who reported that Akhuwat's staff cooperation improved satisfaction level among the women borrowers.

5.3.2 Influence on financial empowerment

Financial empowerment was primarily explored using financial independence of the research participants since they found financial independence being the most important aspect of financial empowerment. Yet, the researcher did not limit the scope of analysing women's

experiences of participation in IFMPs only to financial independence. In terms of financial independence at personal level, the study has found that only one third of the sampled women borrowers achieved financial independence by setting their personal home-based microbusinesses though seeking business loans from Akhuwat. However, in most of the cases, they were only capable to contribute a little towards their household expenditures due to the smaller business sizes, little profit margins, and increased responsibilities. Majority of the research participants handed the loan money over to their husbands or other family members and had no control on the use of loan money. They were still dependent on their husbands and had minimal or no control on household income and other assets. These findings support many others including Afrin et al. (2010), Aslanbeigui et al. (2010), Chowdhury (2008), Cornwall (2016), Ganle et al. (2015) and Garikipati (2008). Goetz and Gupta (1996) found that majority of the study participants had partial or no control on the use of loan money. Interestingly though, an important fact that needs to be mentioned is that, financial independence through entrepreneurship did not mean empowerment for all sampled women borrowers, which could have potentially become a barrier for many women to achieve financial independence since Akhuwat did not create any employment opportunities for these women borrowers. It supports the findings of Drolet (2010), who argued that microfinance has the potential to empower women, yet it is unlikely to achieve empowerment goals with a single intervention such as microfinance. Despite of this difference on the means to achieve financial independence, many of the research participants acknowledged that they were told by their husbands to apply for Akhuwat's loans and they never wanted to use loan money on their own.

On the contrary, in terms of financial independence at household level, majority of the research participants acknowledged improvements in their financial circumstances after participation in IFMPs offered by Akhuwat in Pakpattan district, which tends to support pro-microfinance literature (Ashraf et al., 2010; Krenz et al., 2014; Lalitha & Nagarajan, 2002; Simanowitz &

Walker, 2002). Although, majority of the women borrowers did handover the loan money to their husbands or other, in most of the cases, the loan money was spent on income generating activities, which so increased household income levels. Many of the research participants reported that they could cook three meals a day (Imai & Azam, 2012), send their children to schools and afford children's educational expenditures better than ever before (Bhuiyan, 2013; Kabeer & Noponen, 2005; Norwood, 2013; Steele et al., 1998; You & Annim, 2014), increased household income and expenditures (Chemin, 2008; Copestake et al., 2001; Garikipati, 2008; Imai & Azam, 2012; Khandker, 1998; Rehman et al., 2015; Viola et al., 2013), better access to health facilities for women and families (Ahmed et al., 2001; Khan et al., 2011; Pitt et al., 2006), and increased business assets (Copestake et al., 2001; Zaman, 1999). However, the research participants consistently recognised that participation in Akhuwat's programmes had no influence on their financial capabilities to spend on big expenses or make large purchases such as T.V., fridge, freezer, microwave, washing machine, large household repairs, household furniture, and Air-conditioning and heating appliances, etcetera. It supports the findings reported by Kondo et al. (2008), who argued that a minimal impact on food consumption patterns does not lead to significant impact on accumulation of household assets or human capital investments.

Moreover, the study has found that after participation in IFMPs, offered by Akhuwat in Pakpattan district, many of the research participants had an improved sense of financial stability and security. It has been widely acknowledged that access to credit is a major problem for the poor (Abbas et al., 2005; Bajwa, 2001; Bateman, 2011; Yunus, 2003), particularly, for the Muslim poor, who are reluctant to approach interest-based loans due to their religious values and beliefs (Al-Harran, 1990; Hes & Polednakova, 2013; Karim et al., 2008; Meraj, 2016; Segrado, 2005). In the present study, the research participants acknowledged and substantiated this fact in articulating their experiences of participation in Akhuwat's loan

programmes. They preferred to live in poverty, although, they potentially had access to many other interest-based MFIs offering loans in Pakpattan district. Instead, they approached their friends and relatives to ask for (financial) help in their times of need; however, since their friends and relatives were not either in a much better position; they experienced financial insecurity and vulnerability. Altogether, access to interest free loans reinstated sense of financial security among the borrowers of Akhuwat, although, majority of the research participants seemed not happy with the amount of loans. Consistent with the current study, many studies have reported that access to credit enhanced borrower's financial stability and security (among others: Bajwa, 2001; Cabraal, 2010; Hanning & Jansen, 2010).

5.3.3 Influence on socio-cultural empowerment

Socio-cultural dimension was explored using empowerment indicators drawn from the women's narrative accounts as discussed earlier in section 5.2.3. One important finding of this study is that many women participants perceived empowerment in terms of having control on the household affairs, which included control on financial and familial affairs. It implies that men should primarily deal with external affairs, particularly, income generating activities; while, women are the bosses within the households. Yet, it does not necessarily mean that women do everything on their own; in fact, what counts is that women are consulted for every matter within the family. However, majority of the research participants did not experience any change in their control on household affairs except a few, particularly women entrepreneurs, who spoke of improved control on household affairs. It supports the findings of Steele et al. (1998), who used 'women's role in household decision-making' as an indicator of women empowerment. They concluded that there is no evidence to claim that participation in microfinance programmes led to change in women's role in household decision-making. However, it is noted that women's control on household affairs is (largely) decided by the

social and cultural values and prevailing family norms (Husain, 1998) as well as other factors including age, marital status, family-type, and family background (Ahmad & Sultan, 2004; Jejeebhoy, 2001; Noreen, 2010; Rehman et al., 2015). For instance, in Pakistani culture, older women (generally) have more control on household affairs as compared to younger ones (Rehman et al., 2015), which holds true for the sampled women borrowers as well. Similarly, married women participants had more control than unmarried women in managing household affairs, although, all the research participants were married except one at the time of data collection. Family type also determines women's control on household affairs. It is noted that research participants, who belonged to nuclear family-type had more control on household affairs as compared to those living in joint family-type; except where she was the head of the household. However, it was beyond the scope of this study to explore further the role of these variables in conceptualising women empowerment, which potentially is a limitation of these findings.

Another important finding is that participation in IFMPs of Akhuwat helped many women borrowers improve their personal, social, and business relationships. Particularly, women reported an improvement in their relationships with their husband. Although, Akhuwat did not offer any platform to promote these relationships, it is found that improved financial circumstances of the research participants played a critical role in this respect. For instance, many women argued that they had regular intense arguments with their husbands before participation in Akhuwat's programmes because they were unable to make financial ends. Women entrepreneurs gained respect and honour with their families and communities, which improved their personal, social and business relationships. These findings support many of those including Ganle et al. (2015), Hashemi et al. (1996), Holvoet (2005), Kim et al. (2007), Krenz et al. (2014), Mayoux, (1998), and Woolcock and Narayan (2000). Yet, it is acknowledged that a mere improvement does not mean it completely changed household and

gendered powered relations, which is consistent with Guerin et al. (2013), who argued that there is a need to develop better understanding of these complex relationships.

With respect to freedom, however, this study has found that majority of the research participants did not experience a noticeable change after participation in Akhuwat's loan programmes. Freedom of mobility, interestingly, did not mean empowerment to majority of the research participants neither they were looking at improving this aspect of their lives. It substantiates the argument of Garikipati (2013). Yet, many of the women participants had freedom to visit local markets, friends, and relatives even before participation in Akhuwat's programmes, with or without the company of male family members. Nonetheless, it is noted that social and cultural values and family norms determine the degree of women's autonomy to move freely, which varied from one women participant to another. These findings tend to support findings reported earlier by Aslanbeigui et al. (2010), Drolet (2010), and Geleta (2016) among others. However, it is also noticed that women entrepreneurs enjoyed more freedom of mobility as compared to housewives (Qazi et al., 2013); yet, they were uncomfortable in traveling between neighbour cities to buy raw materials (Garikipati, 2013). Similarly, although, empowerment theorists focus on improving women's freedom to make choices for their personal and strategic needs (Kabeer, 2001; Nussbaum, 2000), participation in Akhuwat's programmes did not improve women's freedom to make or exercise choices at personal, household and business levels. Another finding of this study is that, at the time of data collection, many research participants spoke of a feeling of sense of control on their lives after taking part in Akhuwat's programmes; however, their experiences varied from each other. Some women had this feeling due to their improved financial circumstances and others quoted reduced stressed levels, although, both are linked with each other. Empowerment literature (see for instance: Kabeer, 1999a; Kay, 2002; Keller & Mbewe, 1991; Mayoux, 1998; Nussbaum, 2000; Sen, 1993; World Bank, 2002 among other) tends to qualify control on one's life with

one's empowerment; however, it is more concerned with making people capable of making and exercising choices. Whereas, the research participants described their sense of control on life with their capabilities to eat three times a day, send their children to school, or make other small household needs, which does not imply they were capable of living a life as they would have wanted. Yet, it is acknowledged that long-term impacts may slightly vary, which is a limitation of this study. These findings support the arguments presented by earlier studies including Afrin et al. (2010), Aslanbeigui et al. (2010), Chowdhury, (2008), Cornwall, (2016), Drolet, (2010), Garikipati, (2008), Geleta, (2016), Guerin et al. (2013), Hughes et al. (2015) among others.

5.4 Chapter Summary

This chapter has presented the discussion on research findings presented in chapter 4 by drawing a comparison with the existing literature, particularly the literature reviewed earlier in chapter 2. Although, the researcher has conceptualised the phenomenon of empowerment from the research participants' perspectives, their overall understanding of empowerment is consistent with the dominant empowerment literature. The existing literature informs that empowerment is multidimensional and context specific, and so are the empowerment indicators; however, this study has extended this knowledge by finding that empowerment indicators, that have traditionally been used by researchers, are not only context-specific but, in the same context, perhaps person-specific as well. Empowerment indicators, although drawn from women's narrative accounts and consistent with the literature, did not mean empowerment for all sampled women borrowers, who had participated in this study. It is the major and significant finding of this study that has originally contributed to the existing body of knowledge on empowerment of women within the microfinance context. It is also noted that microfinance literature has largely ignored the context-specificity of empowerment in

conceptualising the impact of microfinance, which has contributed in arriving at inconclusive and controversial findings. However, based on the discussion carried out in this chapter, this study has also recognised that many other factors such as researcher's approach and methodology, selection of indicators, focus on either empowerment process or its outcomes may have also immensely contributed towards arriving at different conclusions by different studies. Drawing on this discussion, this study has concluded that, although, participation in IFMPs has brought many changes, particularly financial, in the lives of women borrowers, it is highly unlikely to empower women by merely giving them access to small-scale financial services such as microfinance. This study has also found that Akhuwat's minimalist approach (provision of credit alone) was incapable of addressing socio-cultural and political issues women face in their lives. It has also failed to improved women's agency to take income generating initiatives to challenge factors inhibiting her personal well-being and family well-being. Therefore, this study, consistent with many other, calls for an integrated approach to address issues highlighted in this study.

Chapter 6 Conclusion and recommendations

6.1 Introduction

This chapter has concluded this thesis in seven sections. The following section has presented a summary of significant findings of this study. Section 6.3 has discussed the theoretical and practical implications of this study. Section 6.4 has presented the contributions of this study to the existing body of knowledge by discussing the novelty of this research. The researcher has also recognised the limitations of this study in section 6.5 along with highlighting potential research areas for future research in section 6.6.

6.2 Summary of significant findings

In section 4.2, this study has discussed the themes of perceptions on what empowerment meant in the lives of research participants, what they valued for being empowered and how they gave meaning to the empowerment phenomenon in a context relevant to their lives. Altogether, this study has identified eight empowerment (subordinate) themes from the women's narrative accounts, which reflected on empowerment perceived by the research participants. These subordinate themes are qualities of empowerment or more specifically the empowerment indicators. This study has further analysed these subordinate themes to seek relations between these themes. The subordinate themes are organised under three superordinate themes, which represent empowerment dimensions. These superordinate and subordinate themes are clustered under a main theme, which is titled as 'women's perceived empowerment'. Three superordinate themes include: personal empowerment, financial empowerment and socio-cultural and political empowerment. Section 4.2 achieved the first research objective by answering the first subsidiary research question posed in this thesis: how do women perceive

empowerment in a context relevant to their lives? Following this, this study has analysed the information collected to explore women's experiences of participation in IFMPs offered by Akhuwat in Pakpattan district to understand how it affected their lives. The study has analysed the information (collected) using superordinate and subordinate themes identified in section 4.2 to present research findings on how participation in IFMIs influenced women's perceived levels of empowerment. The findings are presented in a similar fashion as the researcher has presented findings to the first subsidiary question in section 4.2. Through findings presented in section 4.3, this study has achieved its second objective by answering the second subsidiary question: how does participation in IFMPs influence women's perceived empowerment? With help of section 4.2 and 4.3 respectively, this study has achieved the main aim of this thesis by answering the main research question posed within this thesis: How do interest free microfinance institutions empower women borrowers in a specific context of Pakpattan district of Pakistan? This section has presented a summary of significant research findings by addressing the main research question with the help of two subsidiary questions posed in this thesis. The findings are presented in the following two subsections.

6.2.1 How do women perceive empowerment in a context relevant to their respective lives?

The objective of the first research question was to explore women's perceptions based on what they valued for being empowered, had reasons to value and what constituted empowerment in their respective lives, to identify context-specific empowerment indicators. It is supported by the argument that empowerment is a context-specific phenomenon, which requires researchers to study it in relation to the context of their studies. The findings on women's perceptions of empowerment are presented using three superordinate themes, which represent empowerment

dimensions. The subordinate themes represent empowerment indicators drawn from women's narrative accounts. The significant findings to this subsidiary question include the following:

1. This study has found that empowerment is a multidimensional phenomenon; however, the research findings show that economic or financial empowerment may not necessarily transform into other dimensions of women empowerment. It contradicts the argument presented by many studies that economic empowerment has a rolloing impact on other dimensions. The research findings, therefore, substantiate the argument of the critiques by submitting that empowerment dimensions may vary independently.
2. The reearch findings show that many research participants who were finanically independent, particularly due to participation in IFMPs, had no freedom to move freely, yet hypothetically both financial independence and freedom of movement are indicators of women empowerment.
3. The researhc findings also support the argument of empowerment theorists, who proposed empowerment as a context specific phenomenon. They argued that empowerment indicators may not mean or signify empowerment with the change of context. The study findings, however, extend this argument by adding that, even in the same context, empowerment indicators may be person-specific or group-specific and may not mean or signify empowerment from one person or group to another person or group. It questions the validity of empowerment indicators being used in the literature in a universalist fashion.

6.2.2 How does participation in interest free microfinance programmes influence women's perceived empowerment?

The objective of the second research question was to explore how IFMPs empower women based on their lived experiences of participation in such programmes. The influence of

participation in IFMPs on women empowerment was examined through seeking guidance from capability approach to conceptualise women empowerment in terms of achievements and expansion in women's capabilities. Within the context of this study, achievements refer to what women participants of this study actually achieved through participation in IFMPs and capabilities refer to what women were capable of achieving after participation in these programmes. The themes identified and discussed in section 4.2 are used primarily to explore how participation in Akhuwat programmes influenced women's perceived levels of empowerment. Yet, the researcher has embedded the emerging themes within the related superordinate themes.

1. The research findings clearly highlighted that women borrowers did not receive any educational or training opportunities from Akhuwat at any point of time throughout their participation, which limited the influence of participation in Akhuwat programmes on personal empowerment of women. The research participants, who started their personal businesses through seeking loans from Akhuwat, reported that they obtained business training from their friends and relatives or learned business skills on their own through their experiences.
2. This study has found that participation in IFMPs has no particular influence on women's perceived level of personal empowerment due to lack of educational sessions to improve women's awareness on social and domestic issues and lack of business training opportunities to improve women's agency to take initiatives on their own to alter their personal and family well-being. It is noted that Akhuwat did not offer any platform to encourage mutual learning from fellow group members or women from other groups.
3. With respect to decision-making, however, it has been found that many women experienced a change in their decision-making capabilities at personal, household, and

business level. Yet, a considerable change in decision-making capabilities, at business level, is noted particularly among the research participants who set up their personal microbusinesses through seeking loans from Akhuwat. On the contrary, majority of the women participants, who took the loans to support their family businesses, did not feel any major change in their decision-making capabilities before and after participation though. Many of them have been found arguing that loans have nothing to do with their personal and household decision-making. It is also noted that independent or sole decision-making improved among the women entrepreneurs and joint decision-making among the women who were not the primary beneficiaries of loans. Yet again, majority of the women, among those who took the loans to support their family businesses, did not experience any major change in their decision-making capabilities before and after participation in IFMPs offered by Akhuwat in Pakpattan district.

4. In Pakistani context, it is noted that family culture and norms largely determine the role of women in decision-making at personal and household level. Other factors such as age, marital status, family-type and women's agency also influence women's decision-making capabilities.
5. Another important finding of this study is that participation in Akhuwat's loan programmes improved self-confidence among many of the women borrowers who participated in this study.
6. It is found that only one third of the research participants became financially independent by setting small-scale home-based businesses through seeking loans from Akhuwat. Rest of the research participants took the loans to support their family businesses; therefore, they were still financially dependent to their husbands or other male family members at the time of data collection. These findings clearly show that participation in IFMPs of Akhuwat has not influenced greatly women's perceived level

of financial empowerment. It has been found that nearly all of the women borrowers experienced a change in their household financial circumstances after participation in IFMPs offered by Akhuwat in Pakpattan district. It has also been found that women participants had a greater sense of financial security to deal with financial urgencies, to respond medical emergencies and to meet day-to-day household expenditures after participation in IFMPs offered by Akhuwat in Pakpattan district.

7. With respect to control on household affairs, it has been found that few of the research participants, who established their personal businesses, experienced a change in their control on household affairs after participation in IFMPs offered by Akhuwat. However, majority of the women did not experience any change or improvement in their capabilities to control household affairs. The research findings indicate that majority of the research participants did not experience any change in their freedom of mobility or freedom to exercise choices after participation in IFMPs offered by Akhuwat in Pakpattan district. With respect to change in relationships; however, it has been found that participation in Akhuwat programmes improved personal, social and businesses relationships among the research participants. The fourth aspect of socio-cultural empowerment identified in analysing the women's perceptions on empowerment was protected women rights; however, it is primarily the role of state or government to protect women rights. Yet, it is noted from the literature that MFIs strive to raise awareness among the women borrowers about their rights; however, none of the research participants reported any efforts taken by Akhuwat to raise such an awareness among the women borrowers.

Although, the research findings indicate that participation in IFMPs of Akhuwat has no major influence on women's perceived levels of empowerment, majority of the women experienced an improvement in their household financial circumstances after participation in such

programmes. It is particularly noted that women borrowers, who established their personal businesses through seeking loans from Akhuwat, experienced a greater change in their perceived levels of empowerment as compared to the women who took the loans to support their family businesses. Yet, majority of the women, who participated in this study, were still dependent on their husbands for their personal and household financial needs. The research findings show that, although, IFMIs have potential to change women's living circumstances or perhaps one or more aspects of women's empowerment; empowerment is more complex phenomenon than projected by the existing literature.

6.3 Research implications

The current study has implications for both theory and practice. It has improved and enlightened current understanding on women empowerment, particularly in the context of interest-free microfinance in Pakistan, by conceptualising empowerment from the perspective of women borrowers. Findings from this study have established that without expansively understanding the context of women borrowers, efforts to conceptualise the impacts of microfinance on women empowerment may be misrepresentative. An implication of research findings is that it has cautioned the researchers to employ pre-established criteria without signifying the validity of empowerment indicators in relation to the context of their studies. In exploring empowerment from the borrowers' perspective, findings concluded in this thesis contradict the assumption that financial empowerment instinctively transmutes into other dimensions. Perhaps, one of the most suggestive implication of this study is that family/household well-being is the most viable avenue to conceptualise the impacts of both interest-based and interest-free microfinance.

The study findings have certain implications for microfinance practitioners and policy makers, who are interested in designing better pro-women financial products and services, particularly

in developing countries such as Pakistan. Drawing from the findings of this study, this study recommends incorporating training and educational elements being embedded in financial products and services. Hansen (2015) supported this stance by arguing that participation in a few or even single training can improve women's agency. The study findings also substantiate the claims made by Meraj (2016), who found majority of the Pakistani poor do not participate in interest-based microfinance programmes due to religious values. The research findings show that 73% of the research participants never participated in interest-based microfinance programmes despite living in destitute conditions, for one and only reason – interest based transactions. This study, therefore, recommends expanding the operation of IFMIs in Islamic countries, particularly in Pakistan.

In exploring women's experiences of participation in Akhuwat's programmes, the study findings suggest Akhuwat to revisit loan size policy considering the proposed business plans of its borrowers as well as the purchasing power of its loans at the time of loan disbursements. Another important implication of this study for IFMIs as well as MFIs is that they should create employment opportunities for poor women in addition to promoting self-employment. Reflecting on the research findings, this study recommends empowerment may require MFIs to extensively investigate situated social, cultural and family norms as well as the political structure before introducing pro-women empowerment interventions, which is supported by many studies including Aslanbeigui et al. (2010), Drolet (2010), Geleta (2016), and Hughes et al. (2015) among others. Perhaps, a noteworthy implication of this study for Akhuwat is that minimalist approach (credit alone) is highly unlikely to improve women's status at personal, household and business level. Earlier studies supporting this stance includes Drolet (2010) and Garikipati (2012) among others. For state policy makers, the research findings have an important implication to introduce measures to improve women's safety and security in public places as well as substantive measures to protect women rights.

Apart from theoretical and practical implications, this study has some methodological implications, predominantly with reference to employing capability approach in conceptualising empowerment based on what women value for being empowered in relation to their lives and exploring their experiences of empowerment in terms of achievements (what women do) and expansion in capabilities (what women are capable of achieving). Another important implication of this study is that, unlike many of the existing studies, this study has employed qualitative methods to study both empowerment process and outcomes in conceptualising women's experiences of participation in IFMIs.

6.4 Contributions of the study

This thesis responded to the appeal that there exists lack of evidence on the role of microfinance, especially interest-free microfinance, in empowering women, particularly in Islamic countries, which requires further rigorous research. Karim et al. (2008) and Meraj (2016) have supported the efforts been taken to explore the potential of interest-free microfinance in Pakistan. In the extant microfinance literature, majority of the studies have ignored the contextual and subjective nature of empowerment in examining or evaluating the impacts of microfinance, which is recognised by many studies including Garikipati (2013), Hashemi et al. (1996) and Malhotra et al. (2002) among others. Moreover, a large number of existing studies have attempted to quantify an unquantifiable phenomenon using quantitative research methods; hence for, this qualitative study has enriched the literature by originally contributing and extending the existing body of knowledge in many ways.

6.4.1 Research novelty

This study is unique in a way that it has conceptualised empowerment from women's perspective based on what they value for being empowered in a context relevant to their lives

to identify context-specific empowerment indicators. Although, many existing studies have examined empowerment from women's perspective, they have used either a pre-established list of empowerment indicators or focused on women's opinions instead of their experiences. This study, therefore the first of its kind, has filled the knowledge gap by making original contribution to the existing theoretical and empirical literature on microfinance and women empowerment.

6.4.2 Originality of contributions of this study

One aspect of contributions of this study is that, it has synthesised the existing literature on conventional, interest free microfinance and women empowerment by underlining the contemporary and emerging trends in the microfinance industry and added to the scarcely existing theoretical and empirical literature, which centres on interest free microfinance, on the subjective nature of women empowerment.

Second, the notable contribution of this study is that it has extended the knowledge by adding that, even in the same context, the empowerment indicators are person specific, which may not mean or signify empowerment from one person to another. Existing literature, particularly in the microfinance context, only acknowledges the context-specificity of empowerment indicators.

Third, the microfinance literature is dominated by quantitative studies originating from Bangladesh, India and Indonesia; therefore, this qualitative inquiry has geographical and cultural implications for both theory and practice.

Fourth, this study is the first of its kind to investigate the phenomenon of women empowerment within the context of Islamic and interest free microfinance in Pakistan with such an apprehension and profoundness. In particular, it is unique in a way that majority of the existing

studies have focused on developed cities such as Lahore, Karachi, Faisalabad etcetera; however, this study has been carried out in Pakpattan district, which is a small and undeveloped district in the Punjab province of Pakistan. In so doing, this study highlights fundamental differences in Akhuwat's practice in large (Lahore) and small cities (Pakpattan).

Last, yet not the least, this study has contributed to the extant microfinance literature by conceptualising the influence of participation in IFMPs on women empowerment by exploring both the process of participation in microfinance and the outcomes of this process. A large number of existing studies have focused either on the process or the outcomes of the process of participation in microfinance.

6.5 Research limitations

The current study has some limitations just like many other studies, which needs to be mentioned here. First, this study has been carried out from the women borrowers' perspective to understand their lived experiences; thus, it has not taken into account the lending institutional (Akhuwat) perspective. Taking institutional perspective could have helped to better understand the lending process as well as the programme features and characteristics. It was found that Akhuwat did not offer any educational or training opportunities to women borrowers in Pakpattan district. Akhuwat's perspective could have helped to understand the reasons for not offering such opportunities in Pakpattan district. It could also help to understand Akhuwat's perspective on empowerment of the participating women borrowers.

Second, this study has drawn empowerment indicators from women's narrative of what empowerment meant in their lives; therefore, it is likely that empowerment phenomenon may have many other aspects not captured in this thesis, although, it justifies the researcher's stance that empowerment is a subjective phenomenon.

Third, the gender difference of the interviewees and the interviewer as well as the time frame and financial resources that were available for this study posed serious challenges for this study.

For instance, gender difference may have affected the process of interviewing, which could have been subsided with recruitment of a female research assistant.

Fourth, this study has only recruited interviewees from one IFMIs, named Akhuwat; however, recruiting interviewees from another IFMI could have helped to draw comparisons on interviewees' experiences of participation in IFMIs. It could also help to compare programme features of IFMIs. Moreover, selecting an IFMI, particularly, from another district or city could help document contextual differences as well.

Fifth, the current study has only recruited women borrowers; hence for, it does not address gender differences in documenting research findings. Recruiting male borrowers could enhance our understanding of participation experiences for both gender by drawing a comparison.

Finally, this study was designed to enhance understating by exploring a phenomenon based on lived experiences of the research participants; therefore, this study has employed qualitative research method of in-depth semi-structured interviews to achieve the research objectives. However, qualitative research has its own limitations, particularly, in terms of generalising research findings. The sample size of 29 as well as the sampling strategy of this qualitative inquiry limited the scope for generalising the findings of this study; therefore, the research findings may only reflect research participants' views in the context of this study.

6.6 Areas for further research

The findings of this study have enriched and enlightened our understanding of the phenomenon of empowerment through microfinance from borrower's perspective, which could help

practitioners in designing better pro-women financial products and services such as microfinance. At the same time, it provides a good opportunity for future research in understanding and exploring women empowerment by focusing on how socio-cultural and political factors shape women's perceptions and experiences of empowerment.

By exploring subjectivity of women empowerment, this study has found that, perhaps, empowerment indicators are not only context-specific but person specific as well. This study recommends future studies to further investigate empowerment from this perspective, which can enlighten the existing body of knowledge in a meaningful way. Future studies can also adopt a gender-based approach to enhance understanding of empowerment within a particular context. Based on the findings of this study, this study recommends future comparative studies to conceptualise context-based differences in what constitutes empowerment. Future studies can make inter-city or even inter-country comparisons as well as comparisons between interest-based and interest-free microfinance programmes, particularly in Muslim countries.

The research findings only reflect on women's perceptions and experiences of poor women, future studies may steer their focus on middle class or rich women to enhance our understanding on how these women reflect on empowerment in their respective lives. It also cautions future research to rely on a pre-establish criterion to capture empowerment of women as an outcome of pro-empowerment development programmes such as microfinance. Furthermore, it recommends future qualitative enquires that can enrich current understanding on the significance and relevance of empowerment indicators. One possible extension could be that future studies may lengthen the study period to draw impact patterns of microfinance programmes in long-run.

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Appendices

Appendix 1: Participant Invitation Letter

My name is Adnan Ahmad. I am a PhD research student at the Salford Business School, The University of Salford, Greater Manchester, United Kingdom. I am just at the edge of finishing my second year into the programme where I am mainly concerned with undertaking the fieldwork i-e data collection.

The focus of my research is on understanding the perspective of women borrowers of interest free microfinance programmes about how they perceive empowerment based on what they value in a context relevant to their lives to explore their experiences of participation in interest free microfinance programmes.

The research intends to provide useful insights into women's lived experienced of interest free microfinance programmes in Pakpattan district, Pakistan. This will not only increase our knowledge of empowerment experienced by microfinance borrowers but I hope will also assist future scholarly work and policy initiatives to design better financial products and services to cater the needs of poor women. Your participation is very crucial for this study and will help me understand better the process of empowerment when women participate in interest free microfinance programmes and what are the outcomes experienced by the women borrowers.

I will be asking questions dealing in the main topics such as background information, information of microfinance programmes, perceptions on empowerment, access to financial, social and human resources available, how these resources are utilised and experiences of availing microfinance services and requesting participants to share their views on any change in their living circumstances, their achievement through participation in such programmes, any change in their capabilities, change in their relationship with their husbands, family members, organisation, society or other women borrowers since they have participated in microfinance programmes. However, you are free to refuse to answer any question that you do not wish to respond to or feel uncomfortable with.

I have come to ask if you would be willing to be interviewed as part of my data collection process. I hope that you will be willing to assist me as much as you can in getting the information that I seek. The interview will be recorded only if you permit to do so. If you agree to be interviewed and recorded, the interview will be either tape-recorded or mobile recorded or both; however, your identity will be kept anonymous regardless of the interview being recorded or not.

It will never be exposed to third parties without prior consent of the concerned participant or participants. I have a consent form for you to read and sign to confirm that you fully understand the purpose of my research and freely accept to give this interview; also, that I may contact you again, if any information is required for this research. You have the right to not sign consent

form but record your verbal consent. You also have the right to discontinue the interview at any stage you wish without giving any reasons and without it affecting your rights and entitlements to services offered by microfinance providers.

I reassure, the information collected will be confidential, and no one will be recognizable in the final results of the project unless otherwise requested and accepted by the participant herself/himself. All the recordings will be deleted once the project has completed, which will most likely be within the year 2018 or as recommended by the university ethical committee.

The interview will take somewhere between 60 to 90 minutes. After you have signed the form or decided to give verbal consent, we shall begin. Thank you

Sincerely,

Adnan Ahmad
Salford Business School
The University of Salford
Greater Manchester
M5 4WT, England

In case of any questions, I am available to be contacted via the following details:

Cell phone Number: -----

Email: -----

If, in a case, you have any comments or issues about the way this research is being carried out or about the manner in which this interview has been conducted, you can also contact my supervisors via details given below:

Name of Institute/University: The University of Salford, Greater Manchester, UK

Email: ----- Phone # -----

Name of Supervisors: -----

Email 1 : ----- Email 2 : -----

Appendix 2: Participant information Sheet

Introduction

I would like to invite you to participate in this project, which is concerned with your perception on empowerment and experiences of participation in interest free microfinance programmes being offered in Pakpattan district, Pakistan. This project is not funded by any microfinance institution. It is neither intended to evaluate the success or failure of interest free microfinance programmes nor is required to submit participant's responses to any microfinance institution or a third party.

Why am I doing the project?

The project is part of my PhD programme at the University of Salford. It is hoped that the project could provide useful information about women's lived experiences of participation in interest free microfinance programmes in Pakpattan district. It will enrich our knowledge on what empowerment mean in your respective lives and how participation in interest free microfinance programmes helps empower women.

What will you have to do if you agree to take part?

Return the given consent form to me in the envelope provided so that I know you are interested.

1. We will arrange a time and place to meet, which is convenient for you and in your own home if that is appropriate.
2. There will be one, single interview with myself during which I will ask you questions regarding your perceptions and experiences of participation in microfinance programmes.
3. The interview will be recorded only if you permit to do so.
4. When I have completed the study I will produce a summary of the findings which I will be more than happy to send you if you are interested.

How much of your time will participation involve?

Approximately 60-90 minutes

Will your participation in the project remain confidential?

If you agree to take part, your name will not be disclosed to a third party and the information will also not be disclosed to other parties. Your responses to the questions will be used for the

purpose of this project only and I will not have access to any of your loan or saving records. You can be assured that if you take part in the project you will remain anonymous. All of the collected information will be kept confidential at all stages of the research process. It will never be shared with third parties.

The participants will be unrecognizable in the findings of the study and all the data will be deleted; once the requirements of PhD programme will have been met. The participants will be allocated pseudonyms and only those will be used throughout in writing the final thesis. Nobody will be allowed to have access to this record. All of the collected (hard copy) data will be kept locked securely and all of the collected (soft copy) data will be kept secured in a password protected laptop of Adnan Ahmad.

What are the advantages of taking part?

You may find the project interesting and enjoy answering questions about your experience of microfinance programmes. Once the study is finished it could provide a better understanding of the process of empowerment when women participate in interest free microfinance programmes.

Are there any disadvantages of taking part?

It could be that you are not comfortable talking about your personal circumstances and sharing your views with an unknown person.

Do you have to take part in the study?

No, your participation in this project is entirely voluntary. You are not obliged to take part, you have been approached as a member of the selected interest free microfinance programme with a view that you might be interested in taking part; this does not mean you have to.

If you do not wish to take part you do not have to give a reason and you will not be contacted again.

Similarly, if you do agree to participate, you are free to withdraw at any time during the project if you change your mind.

What happens now?

If you are interested in taking part in the study you are requested to read and sign the consent form provided along with your contact details. Once I have received the consent form I will contact you so we can arrange to meet at a time that is convenient for you. I can then visit and

hold the interview. If you decide you would rather not participate in this study you need not to sign the consent form. Simply ignore the invitation letter and no further contact will be made.

Thank you,

Adnan Ahmad

PhD candidate at University of Salford

Email : -----

Appendix 3: Consent Form

I consent to participate in this research conducted by Adnan Ahmad of The University of Salford, UK in presence of his research assistant.

I agree to being interviewed and having this interview tape-recorded or mobile recorded or both or none of them. I understand the purpose of this research project and that all information that I provide will be kept confidential and anonymous.

Tapes and transcripts may be shared with Adnan's supervisors or Salford University only where required and no more. Also extracts from interview may be used in Adnan's thesis or other written publications and oral presentations.

I also understand that my involvement in the research is on a voluntary basis and I can withdraw at any time without any notice or penalties being incurred.

Interview Number: _____

Interview Date: _____

Name of Participant: _____

Sign of Participant: _____

Date: _____

Appendix 4: Research Assistant Agreement

Research Assistant Confidentiality Agreement

This study, assessing empowerment of women participating in interest free microfinance programs in Pakpattan district, is being undertaken by PhD student Adnan Ahmad at University of Salford.

The study has three objectives:

1. To understand the influence of interest free microfinance programs on the empowerment of women borrowers
2. To examine the process of women empowerment by allowing women borrowers to voice their lived experiences of interest free microfinance programs
3. To understand the role of social and human capital in the process of women empowerment

Data from this study will be used to describe how women borrowers understand and define women empowerment, how empowerment occurs and what kind of empowerment is experienced when women participate in interest free microfinance programs, and how social and human capital integrate with the process of women empowerment.

I, Muhammad Sarfraz Khan, agree to:

1. Keep all the research information shared with me confidential by not discussing or sharing the research information in any form or format (e.g. disks, tapes, transcripts) with anyone other than the Principal Investigator(s);
2. Keep all research information in any form or format secure while it is in my possession;
3. Return all research information in any form or format to the Principal Investigator(s) when I have completed the research tasks;
4. After consulting with the Principal Investigator(s), erase or destroy all research information in any form or format regarding this research project that is not returnable to the Principal Investigator(s) (e.g. information stored on computer hard drive).

Research Assistant:

Muhammad Sarfraz Khan

(print name)

(signature)

(date)

10/11/2016

Principal Investigator:

Adnan Ahmad

(print name)

(signature)

(date)

10/11/2016

Appendix 5: Semi-structured Interview guide for women borrowers of interest free microfinance programmes

Interview ID	
Interview Date	
Length of Interview	
Need for additional interview	
Comments (if any)	

A. Background and socio-demographic data

Age, gender, marital status, education and schooling, primary language, number of children, school going children, number of married children, household income, sources of income, number of earning persons in the household, head of household, family type, number of people living in the same household, occupation of loan recipient, Occupation of husband

B. Knowledge and aspects of interest free microfinance programmes

Q. B1. As you have mentioned earlier, you are receiving loans form interest free microfinance institution (Akhuwat) for the last (few) years. Can you share some information with me?

- When did you come to know about this? How did you come to know about this?
- Why did you participate? Who decided? Was there any problem? Intended purpose and loan utilisation
- Personal use or used by another member of the family, where used? In business or other expenditures? Personal business or family business?
- What is the amount of loan? Recent and earlier loans, number of loans received, how did you spend these loans?
- Process of obtaining the loan, problems in obtaining loans, behaviour of the lending institution's staff
- Group loans or individual loans
- Process of returning the loan
- Knowledge of other products and services, participation in other programmes of same institution, experience of participation in other microfinance programmes

- Features of the programmes, access to educational and training sessions, participation in educational or training sessions, group meetings, meeting with the staff, frequency of meetings

C. Capturing women borrowers' perceptions on what empowerment means in their lives

Q. C2. What are your understandings on women empowerment?

Follow-up questions: (use where necessary)

- Have you ever heard of this term? How would you describe it? What comes first in your mind when you hear it?
- How you see an empowered woman? Is it important? Why? Please explain.
- Can you describe, what you value for being empowered? What you value doing in your life? What you value doing in your household? Do you live a life you wanted? Please explain.
- What is important for empowering women? Why? Please explain.
- How would you describe the problems you see in your life? What kind of problems women face in our households and communities?
- Can you describe the reasons of women's disempowerment? Please explain.
- What would you like women doing in the household and in community? Please explain.

Prompters (use where necessary)

- Decision-making
- decision-making domains
- Respect, honour and trust in the family
- relationships
- control on finances and other assets
- freedom of movement
- health and education
- skills and awareness
- political and legal awareness

D. Exploring women experiences of participation in IFMPs and how it influenced their lives

Qs. D3. How would you describe your experience of participation in Akhuwat's IFMPs?

Follow up questions (use where necessary)

- Has there been any change in your life since participation? What kind of change? Please explain.
- In your opinion, has there been any change in your financial situation before and after involvement in interest free microfinance programmes? What kind of change? How did it happen? Are you capable of making your financial ends? For yourself, your family and your business? Please describe.
- How do you think of yourself regarding decision-making? Are you now able to make decisions? Is it better now or was it before? How did it happen? Please explain.
- What kind of decisions you make independently? And jointly? Why? Please explain.
- In your opinion, has there been any change in your awareness or skills after participating in interest free microfinance programmes? How?

- What you think if there was any change in your responsibilities since your participation in interest free microfinance programmes (since starting your business)? Please explain.
- In your opinion, has there been any change in health situation of yourself and your family? Please describe.
- After participation in interest free microfinance programmes, has there been any change in your relations, connections, friendships etc.? How? Please explain.
- How has being part of interest free microfinance programmes affected the choices you feel you have now as opposed to before? Please describe.

Q. D4. Are there any comments on areas that we have not covered yet and you would like to add?

Thank you for your cooperation.

Appendix 6: Ethical Approval



Research, Innovation and Academic
Engagement Ethical Approval Panel

Research Centres Support Team
G0.3 Jodel House
University of Salford
M5 4WT

T +44(0)161 295 7012

www.salford.ac.uk/

10 January 2017

Ahmad Adnan

Dear Ahmad,

RE: ETHICS APPLICATION SBSR1617-11 – Assessing empowerment of women participating in interest free microfinance programs in Pakpattan district, Pakistan

Based on the information you provided, I am pleased to inform you that your application SBSR1617-11 has been approved.

If there are any changes to the project or its methodology, please inform the Panel as soon as possible by contacting SBS-ResearchEthics@salford.ac.uk.

Yours sincerely,



Professor David F. Percy
Chair of the Staff and Postgraduate Research Ethics Panel
Salford Business School