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## Women's Social Empowerment and Microfinance: A Brief Review of Literature

By Ambreen Khursheed<sup>1</sup>, Ather Azim Khan<sup>2</sup>, Faisal Mustafa<sup>3</sup>

### Abstract

Women's empowerment is essential for socio-economic development as it is considered as one of the major factors for increasing worldwide development efforts. The influence of microfinance on women's empowerment is a debatable topic, as past studies have documented. Some researchers claim that microfinance facilitates women to increase their earning capacity, leading to greater control to tackle cultural irregularities. Others contend that their spouses mostly control micro-loans provided to women, causing severe demotion of women. In this paper, we examined the findings of past studies through word cloud analysis to determine the influence of microfinance on the decision-making power of women and their social empowerment. Among the 54 studies reviewed in this paper, most research studies were found to conclude positive associations between microfinance and women's empowerment. In several studies, results varied due to the measure of empowerment applied gender or socio-political differences. This study is one of its kind in that it evaluated past literature for assessing the relationship between microfinance and women's empowerment.

*Keywords:* Microfinance, Poverty alleviation, Pakistan, Women's empowerment, JEL Classification Codes: G21, J16, I32

### Introduction

Microfinance Institutions (MFIs) play a crucial role in addressing the existing poverty among disenfranchised people living in developing countries. MFIs provide financial access to customers with no or low income for supporting viable socio-economic development (Monteza,

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Blanco, & Valdivieso, 2015). Given the inherent dynamics of MFIs in poverty alleviation, they tend to use standardized business strategies for supporting new business ventures, mainly launched by women, which lead to their empowerment (Beisland, Mersland, & Strøm, 2015).

Women's empowerment is essential for socio-economic development as it is considered as one of the major factors for increasing worldwide development efforts (Gram, Morrison, & Skordis-Worrall, 2019). In the year 2000, eight Millennium Development Goals were signed by 189 countries, which focused on a commitment to promoting women's empowerment and gender equality (United Nations, 2000). In 2015, the United Nations recognized achieving women's empowerment and gender equality as the 5<sup>th</sup> of 17 Sustainable Development Goals (United Nations General Assembly, 2015). Therefore, several researchers have made efforts to contribute to the existing literature by highlighting the significance of women's empowerment for the whole economy (Klasen, & Schüler, 2011; Taylor & Pereznieta, 2014; Lippman et al. 2016).

In a seminal study, Kabeer (1999) described the concept of empowerment by explaining that women's empowerment is the process of enhancing women's ability for making strategic life decisions. Within this description, two crucial parts of empowerment are highlighted: resources and agency; both are required to take and implement life decisions. At the same time, low empowerment relates to adverse economic and social consequences for women in countries where women are in a relatively more servile condition as compared to men (James-Hawkins et al., 2016; Thorpe et al., 2016), which applies to South Asian developing economies. Tarar and Pulla (2014) highlighted that many Pakistani women are a part of low-income families, and most of them live in rural areas. They are forced to live inferior lives due to double discrimination (i.e., status and gender). This double discrimination highlights that inequality based on gender is one of the biggest obstacles to economic and social advancement in Pakistan.

Women constitute one-half of the total population of the world, and they significantly contribute to its economy. It is globally recognized that women are significant contributors to national and global development (Richardson, 2018). Women have helped in improving their local economies even though most of them have a rural background. Their participation at the workplace boosts a productive work environment, and it also assists them in having a respectable status in the society and in becoming socially empowered (Garikipati, 2013). Because of the recognized importance of women's contribution toward society's uplift and local development, researchers point to two critical barriers in the field of women's empowerment: lack of flexible working hours and lack of family support (Genicot & Ray 2017). Further, researchers suggest that entrepreneurship can boost women's empowerment, and, in this field, microfinance is playing a crucial role by providing loans for meeting the financial needs of the poor, particularly women (Richardson 2018). As these microloans reduce their dependence on several other informal sources of finance, which are not bankable due to inadequate access to collateral, it results in poverty alleviation and women's empowerment (Pratley, 2016). Past researchers have presented several dimensions of women's empowerment by highlighting the significant role of microfinance in Pakistan, but its theoretical foundations have not been adequately examined, and the necessity for contributions to practice and theory are pressing. Without having a sound theoretical basis, the efforts will be in vain. The programs and institutions will not be able to play their role adequately without understanding the underlying philosophy.

Therefore, this study reviews conventional measurement approaches by examining vast empirical studies to extract specific examples that intend to explore the impact of Microfinance on women's empowerment. To meet our objectives, we have framed our research in the present studies by inspecting how our research complements and differs from past research studies with a

specific focus on the social perspective of women's empowerment in Pakistan. Thus, this study contributes to the existing literature by providing academics with valuable recommendations to measure the impact of MFIs on women's empowerment in a precise, theory-based, and comprehensive way. The main research objective of our study is to investigate the impact of microfinance on women's empowerment and the sub-objectives are to determine the influence of microfinance on women's decision-making power and to analyze the impact of microfinance on women's social empowerment.

The structure of this paper is as follows: first, we examined critical theoretical empowerment concepts, many of which have significant implications for determining the impact of MFIs on women's empowerment; second, we discussed the methodology implemented in this study; and third, we presented our findings and concluded with valuable implications for practitioners, policymakers, and researchers, while providing future research directions.

## **Literature Review**

### *Microfinance: An Overview of Theory and Practice*

Microfinance refers to small interest-free loans for low-income and needy people who cannot access commercial banks. Microfinance comprises savings, insurance, loans, and other financial products of minimum value provided to low-income customers (Thorp et al., 2016). However, for poverty alleviation and improvement of under-served societies, the combination of microfinance financial and non-financial services such as marketing, training, and knowledge is found to be more effective (Taylor & Pereznieta, 2014). Therefore, Micro-credit plus program is considered not only a way for enhancing economic and social growth, but it also is a useful tool for women to achieve social development that is a significant aspect of improving their status and lifestyle. Moreover, having access to credit is recognized as a substantial component of empowerment because it plays a vital role in enhancing livelihood opportunities for women and enables them to fulfill the responsibility of playing both economic and social functions in society (Lippman et al. 2016; Chopra, & Muller, 2016).

In Pakistan, the government support for the microfinance institutions came after the establishment of The Microfinance Bank (MFB) and Poverty Alleviation Fund in 2000. The First Microfinance Bank was introduced in 2002 following the Microfinance Institutions Ordinance (2001). In 2007, the State Bank of Pakistan launched a separate division for supervising the microfinance sector's transactions, which upgraded the status of MFIs from social institutes to financial institutes (Hussein & Khan, 2009). In Pakistan, the low ratio of women participation in various fields of life is reflected by the reports of the Gender Development Index where Pakistan's Human Development Index (HDI) is 0.750 (female - 0.465), placing us on the 149<sup>th</sup> rank among a total of 189 countries (Human Development Report, 2016). Niethammer et al. (2007) described that women have limited access to credit opportunities due to lack of knowledge of how to get finance and lack of property or land that could be utilized as security. Haque and Yamao (2008) highlighted the fact that women in Pakistan experience various hurdles in launching their own business. They have mobility restrictions due to their social and cultural norms. The mobility restrictions influence their choice of business, and they prefer to work at home and focus on a very saturated and narrow market e.g., such as opening beauty parlors. Therefore, the efforts of microfinance institutions to consider various social challenges when providing loans to women entrepreneurs helped to reduce such obstacles.

### *Theory: Microfinance and Women's Empowerment*

Abeer (1991) defined empowerment as the procedure in which people gain the capability to exercise tactical life decisions, that have been denied to them previously. Kabeer's definition of empowerment comprises of three inter-related aspects of Resource, Agency, and Achievements. The resource-phase refers to having access to both physical and non-physical resources, and it is taken before the agency, which refers to a decision-making process, bargaining, and negotiation. Ultimately, this leads to achievements (outcomes).

Empowerment is also defined as a dynamic procedure, which is hard to measure as it is under the influence of social, political, and economic challenges (Schuler & Rottach, 2010). Further, they found that one aspect of empowerment valid in one setting might become invalid in another. Hennink, Kiiti, Pillinger, and Jayakaran (2012) found that empowerment is a complicated process, which occurs at the individual, societal, and organizational level. Opportunity, agency, resources, and sustainability boost the empowerment process. The complete empowerment measurement includes spiritual, economic, health, political, and social domain, which are inter-related. Afridi (2010) described empowerment as a form of independence in making decisions, accessing, and utilizing resources. It is proved from the literature that empowerment is a multidimensional concept, and therefore, women's empowerment is also evaluated under different dimensions (James-Hawkins et al., 2016).

In light of the findings of other researchers, this study focuses on the impact of microfinance on women. Particular focus is given to women's empowerment because social women's empowerment is a necessity for the development of any society, as it increases the development of both the quantity and quality of available human resources.

A clear conceptualization of women's empowerment is necessary. This has been discussed in a considerable number of theoretical studies over the last three decades; providing several definitions of empowerment and measurement models for this process. Most of the researchers agree on the following common, crucial factors. First, household and family dynamics separate women's empowerment from the empowerment of other deprived groups (Taylor & Perezniето, 2014). Second, the capability to make decisions and then to implement those decisions is one of the significant factors of empowerment (Yount et al., 2016). Third, the process of empowerment occurs over time (Garikipati, 2013). Likewise, the duration of the empowerment process is also prolonged due to the adopted procedures for measuring empowerment. Further, past studies have also pointed out the issue of improper tactics applied to measure women's empowerment, such as inferior measurement methods restrict efforts to identify the reasons and consequences of having low empowerment (Carlson, Kordas, & Murray-Kolb, 2015; Richardson, 2018). Improving extant measurement strategies is the critical need for understanding this concept and evaluating progress towards achieving Sustainable Development Goal number five, which is gender equality.

### *Microfinance and Women's Empowerment*

Poverty alleviation has been extensively examined along with the consideration of social capital that has been recommended as one crucial aspect that can reduce poverty (Woolcock & Narayan, 2000; Mustafa, Khursheed, & Fatima, 2018). Recently, researchers and practitioners have acknowledged that women's empowerment and their confidence are both mainly dependent on their resources and their freedom to make social and economic decisions (Maclean, 2019).

Microfinance has developed in the last 45 years, especially after its success as a crucial policy lever for enabling women to join the workforce and thus to reduce poverty in Bangladesh in 1972. Younus (1998) launched the very first microfinance institution initially, which provided

loans and other subsidiary services to needy people who could not access commercial banks (Pratley, 2016; Klasen, & Schüler, 2011). For the last three decades, it has been considered as a useful tool for poverty alleviation and financial inclusion to the unbanked people (Khamar, 2016). Currently, most of the customers of microfinance are women. Women comprise 92% of borrowers in South Asia, which is the most prominent microfinance market (Khamar, 2016). Considering women as credit recipients has been proved as a very beneficial approach, as women can earn money by investing the loan in profitable activities, micro-businesses and can also improve their lifestyle and status (Gram, Morrison, & Skordis-Worrall, 2019).

Academics, researchers, and policymakers agree that access to financial assistance and poverty are interlinked. Microfinance institutions are established to alleviate poverty in developing countries (Hulme & Rutherford, 2002; Gennaioli et al., 2013). However, 1.3 billion women across the world are deprived of the services of MFIs (Demirgüç-Kunt & Klapper 2012); as micro-loans could significantly enhance women's empowerment in the deprived areas (Khan & Noreen, 2012; Malik & Courtney, 2011) so there is a need to include more women in this process. From the perspective of analyzing the impact of microfinance on women's empowerment, past studies yield mixed findings. Aterido, Beck, and Lacovone (2011) reported that gender inequality in getting finance is one of the most significant obstacles in empowering women by analyzing the effect of MFIs in nine Sub-Saharan Africa countries, and this issue also exists in South East Asia. Pakistani women are also disadvantaged because banks require men as guarantors for the provision of loans to unmarried women, and husband's permission for the married ones.

Unmarried women are generally considered as un-creditworthy. In developed countries, women are viewed as lenders with limited human capital, such as less business experience and education (Menzies et al., 2004), less collateral (Carter et al., 2003), and with the most impoverished credit background (Chowdhury, 2009). In this way, women are excessively affected by gender discrimination resulting from their socio-economic and cultural background, and ultimately these hurdles disempower women, and this is one of the reasons why microfinance has been criticized (Ahmad & Khan, 2016; Maclean, 2019; Hulme, & Arun, 2011). One critique of microfinance regards the concern about the overall framework as a band-aid solution to the deeply entrenched problems of massive structural inequalities of late capitalism. Haque and Yamao (2008) claimed that micro-loans are not favorable for most poor women. It can only prove beneficial for those women who are already earning a certain level of income or who possess land and other assets. Likewise, Anderson and Baland (2002) determined that the key motive for women behind joining Rotating Savings and Credit Associations (ROSCAs) was not to empower themselves but to safeguard their income from their spouses because they misuse their money and assets. Moreover, the critics of micro-credit programs operating for women argue that access to loans enforces patriarchal control, which leads to the waning of gender relationships (Goetz & Sen Gupta, 1996). Afzal (2019) criticized MFIs by claiming that their male family members mainly control a huge portion of women's loans, while women borrowers suffer from repayment liability. Likewise, Ganle, Afriyie, and Segbefia (2015) explained that the micro-loans taken by women borrowers lead them to intense pressure for repayment. This pressure increases their frustration, causing an increase in workload and creating a new form of control over women by their families and microfinance institutes.

The neoliberal ideology of reliance is presented by microfinance institutions, and it is the main factor for the development and empowerment of female citizens (Kemp, & Berkovitch, 2020). Such citizenship theoretically facilitates women by offering the accessibility of rights and opportunities within the boundaries of social life controlled by the marketplace. However, in

different situations, MFIs have caused a reduction in women's empowerment and control. In reality, neoliberal microfinance programs have enough capacity to deteriorate the communities they aim to strengthen (Calas, Smircich & Bourne, 2009; Bee et al. 2013).

Microfinance aims to create communities exclusively of female borrowers who support each other with social and financial capital (Khavul, 2010). But such communities can become a reason of worry for poor women as they make them responsible for each other's credits. Also, microfinance is the part of the neoliberal discourse that promotes commercial rationality and economic individuality of its inhabitants. But women can approach credit sources and community which is based on the nature of solidarity that falls apart in times of personal and vulnerable needs. So, the entrepreneurial ventures nurtured with the help of such practices are those that can cause hurdles for women borrowers during times of economic instability (Isserles 2003; Narayan 2005).

The seminal work of Ozkazanc-Pan (2016) revealed that the microfinance process of forming Social Collateral out of economically needy groups of women usually pivots, for a healthy percentage of women, on a troubling theory of solidarity. A woman can consider this solidarity when she feels that everything is fine. But when women realize that they are not active and economically normal actors of the neoliberal microfinance framework, the concept of solidarity starts crumbling. Then, they are alone with hate, disgrace, and insult. The most common strategy is the harassment strategy that would cajole women into meeting expenses even under pressure. In some cases of non-payment, lenders would take valuable things from them until the amount is paid.

Access to capital does not guarantee women's empowerment. However, the process of finding capital and examining its diverse dimensions can help women develop confidence, critical consciousness, and a base for collaborative action (Rankin, 2001). The most significant action of this process is to deconstruct the different aspects of community and solidarity within the area of microfinance with the help of feminist geography. Although microfinance is considered the most adopted and widespread entrepreneurial activity, it may not always be universally positive. It may even lead to worsening situations (Calás, Smircich & Bourne, 2009). Islam et al., (2018) revealed that some MFIs are competing to become radically commercial by adopting strict loan collection strategies. Moreover, several women reported about mental torture and social pressure created by the MFIs for loan collection. Thus, it seems that the women's empowerment concern, which traditionally drove microfinance, may have lost its significance (Sriram, 2010).

Through social entrepreneurship, women are considered to be able to rise from poverty to become independent women (Roomi, & Parrott, 2008). History has proved that the key actors of major industries are men, and therefore, the distribution of wealth and power is gendered. This indicates that the control of the economy and power is highly unequal across the entire globe, and the majority of women feel excluded from the game (Rai, 1996).

The social construct of gender is entrenched in the patriarchal pyramid of capitalist supremacy. Past studies revealed that MFIs are the source of the ongoing oppression of women. This gender inequality is reified by the focused targeting of females as a source of poverty alleviation. The feminist framework highlights how women are excessively affected by poverty and financial issues, yet the methods of liberal feminism exacerbate women's oppression and are not productive. Also, the neoliberal "smart economics" has trapped women through the acceptance of linguistic perspective in its ideology (Byatt, 2018). The acceptance of "gender mainstreaming" into its structure, cultural limitations, and institutions have already entrenched into capitalism, hence, there is little room for transformative evaluation (Calkin, 2017). Likewise, MFIs are designed to persevere, and capitalism needs to widen its scope to explore new market dimensions;

capitalist globalization should be introduced to rural regions. The majority of the MFIs prefer working within the decided boundaries of neoliberalism, which is implementing high-interest rates on debt and relocating their corporate working pattern from true poverty alleviation to business-profit earnings (Moodie, 2013).

Moreover, the societal adoption of “women’s enterprising”—initiating new businesses with low seed capital, slower progress, and feminized sectors—would highlight divisions exclusively based on gender inequality. Gendered concepts in the social entrepreneurship discipline that consider women as lesser (lesser growth knowledge and interest, the lesser capability of leadership skills in terms of adaptability and fast growth, lesser business dealings) are internalized by women themselves, microlenders, and social entrepreneurs. Hence, the two factors that collectively restrict women from engaging in social and financial sectors are gender norms and gendered economic structures. Also, past literature sheds light on the fact that sometimes microfinance tends to consider women just as targets rather than originators of social enterprises’ actions (Jennings & Brush, 2013). Hence, the institutional imitation of modest self-employment that microfinance adopts does not allow women to keep away from cyclical drawbacks (Marlow & Patton, 2005).

As per the findings of Roberts ‘transnational business feminism’, the initiation of an entrepreneurial venture is among the critical issues that are a part of the patriarchal oppression of women. The women of the third world are not only exploited as laborers, but they also face more patriarchal oppression within capitalism. The subordination and subjugation of women seem a part and parcel for the longevity of the current version of global capitalism. Considering all the recent catastrophes and conflicts, capitalism allowed genuine oppression to women both in households and the market.

Despite existing criticism, microfinance is still considered a type of financing providing various social and economic benefits; for example, Morduch (1999) argued that the advantages are more modest than what is frequently claimed. Similarly, Khavul (2010) claimed that MFIs have replaced commercial banks due to their unique business model that is mainly dependent on social collateral. Some researchers also proved the positive impact of micro-loans, particularly on mobility, control, decision-making authority, and social empowerment (Klasen, & Schüler, 2011). Microfinance programs vary not only in terms of institutionalization but also in terms of its forms and types. Further, there has been a development in the approach of microfinance, termed as the paradigm shift, that is from subsidized loans to sustainable MFIs. So, it is obvious that the effectiveness of microfinance programs cannot be generalized.

Jones, Snelgrove, and Muckosy (2006) reported that women's engagement in economic activities increases their status in the household, which empowers them at household and societal levels. Thus, having access to credit and women's empowerment are interlinked. Empirical findings of past studies suggest that it is easier to finance women for their business ventures than to provide welfare for their households (Chemin, 2008; Morris & Barnes, 2005; Mawa, 2008). They are thus suggesting designing more focused strategies and programs for promoting self-reliance and women’s empowerment.

For this purpose, microfinance institutions are playing a vital role by fulfilling a latent demand (Lippman et al. 2016). Based on current circumstances of microfinance and its role in the empowerment of women, this study makes a significant effort to investigate the impact of the participation of women in the MFIs in enhancing their empowerment, specifically the social dimension of it and subsequently encouraging our research to bridge this evident gap highlighted in the existing literature.



### *Social Empowerment of Women*

Women become empowered socially when they have a supportive environment and access to different affirmative programs and policies for the empowerment of women along with the provision of secure and equal access to necessities of life (Hoque & Itohara, 2009). In the field of development, empowerment has become a catchword, with a specific focus on poverty alleviation and the political addition of marginalized groups of women (Mayoux, 2001). From the perspective of social work, empowerment refers to facilitating individuals and communities to increase or restore their capability of social networking, to solve their issues, and to make societal conditions encouraging to this objective (Rocca et al., 2008).

Microfinance has proved socially beneficial for women (Kabeer, 2001; Khan, Mustafa, & Khurshed, 2018). Mahmud (2003) described the role of MFIs, which have a significant influence on women's social empowerment. The author further mentioned that microloans substantially improve control overspending. Intra-household decision-making power leads to their welfare. Sinha, Parida, and Baurah (2012) found that women's participation in MFIs increased their capability to spend money, mobility, and dominance in household decision-making. Further, Montgomery and Weiss, (2011) concluded that women's participation in MFIs leads to enhancing family decision-making and that family landholdings, media exposure, and institutional access are critical determinants of women's empowerment (Hoque & Itohara, 2009). Similarly, it was found that savings impact is more significant on women as compared to men, as it enhances their decision-making power related to family planning, family expenses, recreation, and their lifestyle (Ashraf, Karlan, & Yin, 2010).

Malagave and Patil (2011) found by increasing the contribution of women to household income, a significant increase is found in the decision-making power and control over the family lifestyle. However, the increase in decision-making power was more noticeable for those women who continue working with microfinance for an extensive period, typically more than two years (Weber & Ahmad, 2014). Likewise, it was found that Self-Help Groups (SHGs) positively influence women's lifestyle and their personality in terms of confidence, social empowerment, and self-motivation (Leach & Sitaram, 2002). Therefore, there is a need for an integrated microfinance program, comprising of education with skills. Such applications will include training for increasing the capacity building of women. These programs will thus fortify the relationship between women's social empowerment and microfinance (Ali & Hatta, 2017).

### **Method of Analysis**

We searched past empirical studies using Web of Science and Google Scholar search engines. The initial research resulted in 42,100 articles, including duplicates between two databases. We assessed each research study based on its title and scope of the study, including 1) qualitative and quantitative analysis 2) examination of data from developing countries, and 3) evaluating women's social empowerment about microfinance. The research work included in this study has a research framework, objectives, the purpose of assessing women's empowerment, or decision-making capability firmly under the perspective of microfinance. This examination resulted in 246 articles. After this, we compiled a list of studies based on the study design, sample, measures of women's empowerment, dependent and independent variables, and results. This procedure eliminated 192 research papers that did not meet the required objectives, resulting in 54 reviewed research studies.



In this study, we have used a word cloud for the visual interpretation of the text. Figure 2 depicts the most prominent words, which are also the main focus of this research paper. These words are women and Microfinance. These two terms are significant in this study, and the first has an impact on the other.

Further, the word Women is shown horizontally in the picture, which presents that this variable is the original independent variable as microfinance is shown in a vertical position, which shows that this variable is an independent variable. The prominence in words due to their colors reveals that in our literature analysis these factors have played a major role. Words such as women, microfinance, social, and development are depicted in more prominent colors in comparison to other factors taken into analysis. This finding also confirms the main objective of the research paper, which is the positive and significant influence of microfinance in boosting women's empowerment. In terms of this paper's concentration, the words microfinance, economic, women, development, poverty, alleviation, loans, social, family, lifestyle, and income appeared as significant terms.

However, the words freedom and entrepreneurs appear as a lower-order term in less prominent colors. Because of the focus of the study, the analysis reveals that its content is giving more weight to women entrepreneurs in Pakistan and Bangladesh, as these two countries were the only two in geographic terms that appeared in the word cloud. At the same time, the word Empowering appears as a minor term, which is unexpected because of its significance in the paper. Further, the words, education, resources, conditions, assets, and strategies appeared as minor terms, reflecting the influence of these independent factors on the relationship between microfinance and women's empowerment.

## **Conclusion**

For the advancement in the global development efforts, improvements in the empowerment of women and their status are crucial, particularly for the accomplishment of equitable representation and recognition of more than 3.5 billion women living in the world. Analyzing individual women's perspective of empowerment and its effect is a significant step for making substantial improvements in gender equality in society and for accomplishing the Millennium Development Goal of empowering women. Social empowerment ensures that being a recipient of the benefits of microfinance, enhances women's mobility, decision-making power, and educational level, and enables them to contribute towards improving family's lifestyle and children's education as well. This paper is one of the few attempts for providing an overview of past studies determining the influence of microfinance on women's empowerment.

The existing literature exposed microfinance initiatives focused on facilitating female borrowers and playing a crucial role in developing the whole economy. Indeed, microfinance works as a vehicle that emphasizes the significance of self-effectiveness, self-confidence, and economic autonomy. The reason behind the strategy of microfinance is that poverty can be reduced by encouraging women entrepreneurship. The research gap was highlighted in the literature, and for this purpose, several quantitative and qualitative measures were used for assessing this phenomenon. Therefore, this study has reviewed the positive and negative aspects of microfinance reported by past empirical and conceptual studies for determining its impact on women's empowerment through assessing the literature review by word cloud analysis. The main research question of this study focuses on assessing the role of microfinance institutions in boosting women's decision-making power and their social empowerment. The findings of word cloud

analysis supported our first research objective that considers the role of microfinance in enhancing the decision-making power of women. The four most prominent words highlighted in the word cloud image are women, microfinance, decision making, and power. Other words that appeared as significant terms are economic, development, poverty, alleviation, loans, social, family, lifestyle, and income. This analysis confirmed that microfinance significantly influences women's decision-making power along with other vital factors playing a crucial role in boosting women's empowerment.

Given the examined studies, the first definition of empowerment reveals that women consider empowerment as their income that allows them to be a part of household decisions and gives them respect among their family members, particularly from their male family members, while the second definition states that empowerment is related to improvement in their family status and well-being. In short, the structural interpretation of empowerment is from the perspective of the majority of women in the financial establishment, familial prosperity, and self-respect that provide strength to them. This finding from the literature review assessment is proved by word cloud analysis that presented economic, social, lifestyle, and status as significant terms among other terms considered.

The second primary objective of this study was to examine the link between microfinance and women's social empowerment, which was also achieved. The review of past studies through word cloud analysis makes it clear that microfinance not only opens ways for women to discover new opportunities, but it also creates new venues for social networking. These opportunities enable them to deal with their problems and eventually make them socially independent, as the words microfinance and social appeared to be the prominent words in the study. To our surprise, the word empowerment emerged as a minor term despite its significance in the study.

Thus, our findings indicated that successful micro-entrepreneurs feel empowered in comparison to those who lack complete access to microfinance. The visual representation of past studies examined through word cloud analysis highlighted that family and organizational support play a critical role in empowering women if provided on time, as the words, family, and social appeared in prominent and distinct colors. Thus, this study concludes that microfinance plays a crucial role in enhancing the decision-making power of women and empowers them particularly in the social perspective. The study also gives future directions for further studies in that more research literature is required to examine the actual effectiveness of microfinance as a tool to facilitate women's participation in the workforce. We hope that this paper will serve as a resource to practitioners, policymakers, and researchers to assist them in shaping future policies for improving women's empowerment.

### **Recommendations and Future Directions**

Based on the analysis of past studies, this research calls upon the government to consider the following strategies for improving women's empowerment in Pakistan: make full use of women's labor force so that they can contribute effectively to society, the economy, and the country; maintain health and education of women to improve social development and productivity; provision of fair recognition across different decision-making levels of government structure for achieving quality governance and for protecting women's interests; taking crucial steps to safeguard women's rights and to make them active participants in the social, economic, cultural, and political domains of the country.

A real change is an evolution in the institutions, political systems, economy, and institutional structures that design perceptions and ideological expectations concerning gender, corporate roles, and credibility of entrepreneurial efforts (Langowitz & Minniti, 2007; Baumol, 1990). The core target of the policies should be reducing the gender gap in the discernment of women's capabilities as initiators and managers of higher-earnings and fast-growth businesses, and also their acknowledgement as caretakers of complicated large-scale businesses and resource providers in the business ecosystem. The programs that tend to change the perceptions of women about themselves can challenge the gender discrimination of women entrepreneurship. But women lack when it comes to addressing and facing economic, political, social, and cultural foundations of gender inequality. Thus, such policies and strategies should not focus just on the number of women initiating self-employment activities through these programs, but their focus should be on pushing equal women's participation in political, economic, social, and cultural aspects of society.

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