Abstract
The present study was designed to examine the impact of microfinance on social mobility, that how does microfinance change the social mobility from low level to high level. The objective of the study was to analyze the role of microfinance in Social Mobility. Microfinance was perceived to be sustainable mechanism to fight poverty and empower low income households. Loans were micro or very small. It was an economic development tool for eradicating poverty from the society. It also helped pushing low income groups of society in community or organization processes and proved to be a unique blend of financial and social intermediation. The sample of the study comprised of 350 customers from different microfinance banks in Rawalpindi and Islamabad. Khushali bank, Kashf microfinance bank, The First microfinance bank. These were three leading banks operating in Pakistan. The data from the sample was collected through one standardized social mobility scale. It was a likert scale with five response categories; social mobility scale was developed by (Mohammad Arifujjaman Khan & Mohammad Anisur Rahaman, 2007). Results of the study showed that microfinance had great impact on social mobility, and there was a positive relationship existed between microfinance and social mobility, and the results also showed microfinance scheme uplifted social mobility that helped people to enhance their living standardize and provide them financial opportunities. Microfinance was the key strategy that leads to quick revival of economy, increase in living standards, empowerment and social mobility.

Keywords: Impact ; Microfinance ; Social Mobility; Empirical Evidence ; Pakistan

Introduction
Despite a multitude of studies devoted to the topic, the impact of microfinance programs on the poor in developing countries remains an intensely debated issue. The concept of microfinance, in particular, has remained focus of human economic activity in one form or another. It has been and is viewed as a pivotal instrument in addressing pyramid issues of unemployment, low growth and rising poverty. Therefore, it is evolved as an economic development tool to benefit low income sections of the society. Microfinance is thus perceived to be a sustainable mechanism to fight poverty. Small enterprises play an important role in the economic and social development. The importance of microfinance is growing with the passage of time.

The beginning of the microfinance sector in Pakistan has its roots in the rural development projects that were funded by donors. The Aga khan rural support program’s development model has been replicated all across Pakistan and since then micro-credit became a major instrument in dealing with the problems of the rural poor. It is assumed by all the factors in this sector that principally microcredit should be used to reduce poverty much of it in the rural areas.

Along with reducing the poverty, microfinance in Paki2stan has been as an important instrument for gender empowerment. The government of Pakistan and various rural support
programs in the country feel that by providing credit to women which is used for income generation, the social and economic status of women in the household, and the community can be improved. However, capturing and measuring empowerment and emancipation is particularly a difficult task. While there are numerous assumptions about what microfinance can do for reducing the poverty, empowerment and eradication of unemployment, detailed research has become essential. The importance of microfinance is growing with the passage of time, particularly in the current economic downturn (Abdulla, 1999).

A person is considered to be in poverty when their daily income is less than two dollars, the amount of money needed to buy the basic foodstuff for a healthy and productive life. The planning commission reported (2009) that Pakistan’s poverty rate had jumped from 23.9 percent over the last three years to staggering 37.5 percent in other words, more than 60 million Pakistanis barely earn enough money to feed themselves (Barr, 2005).

Pakistan’s economy is dominated by small and medium-size establishments. Almost 90 percent of the enterprises are small and medium enterprises (Ghalib, 2007). The “success” of microfinance programs as agents of poverty alleviation is well known. The high participation of women, associated improvements in the health and education of the children and the potential for the microcredit system to become financially sustainable in the long term. The very poor individuals are often described as high risk as they cannot offer collateral and have no stable source of income. Loan repayment is one of the major challenges to microfinance, given that a poor repayment culture has pledged numerous microfinance initiatives (Muhammad, 2010).

Pakistan poverty alleviation fund provides loans for microcredit to different organizations like the rural support program networks and other NGOs. Commercial bankers ignore the poor because of the high costs associated with lending of small amounts to borrowers with very little credit worthiness (Henry, 2004).

A large number of poor especially women are marginalized within their communities and even their families, and lack of confidence and experience in trying something new. They have responsibility not only for contributing to family income but to caring for children and the ill, collecting water and fuel wood, preparing their family’s meals maintaining the home and any number of assorted family responsibilities.

Research question:
Keeping in view the research background discuss following research question is formulated i.e. what is the impact of microfinance on social mobility in Pakistan?

Originality of the study
The research area that is the Impact of Microfinance on Social Mobility; an empirical evidence from Pakistan has not been explored seriously so far. Therefore, the microfinance intervention does not seem to have a significant positive impact. This study suggests the need for a continuing research in the field of microfinance to achieve positive results.

Applied aspects

Microfinance is a tool of economic development. It has various applied aspects such as ownership patterns, source of funding, lending, methodology, program area and organizational structure, and proves to be beneficial for the poor and low income sections of society.

Objectives of the study

Following are the objectives of the study:
Examine:
1. To examine Micro Credit resources for poor.
2. To analyze the role of microfinance in social mobility.

Literature review

The main objective of this section is to provide the readers insight about the theories involved in this work and also to define microfinance and its methodology. The idea about the core program of microfinance in the field of savings and human development. Cooperative farming cannot be brought about by decree or attractive slogans. It will only come voluntarily by fiscal incentives. The cooperative will grow crops in the area according to its own plan. The scheme will result in better management of water and other resources, effective use of modern scientific methods of agriculture, increased employment opportunities and improvement in living standard in rural areas. (Ahmed, R, 1992). War against hunger- or war for life- in the real war that all political leaders (across the world) need to learn to wage. Democracy is not about shouting “we are hungry”. It is about eating morning breakfast lunch and dinner. People have to learn that the poor like to eat well.” Luiz Inacio Lilada Silva, a former president of Brazil, told a large audience who came together in Des Moines, capital of Lowa, a mid western state of united states, from across the world to attend the 25th anniversary world food prize Norman E, Borlavg international symposium. The Brazilian leader who shared this year’s prestigious 250000 world food prize with former president of Ghana Jhon Agylkum Kafuor for reducing poverty and hunger in their countries to half during the 2000s, described hunger as the most –dangerous “weapon of mass destruction”. “It does not kill enemies or terrorists only. It also kills children, often in the wombs of their mothers who do not get healthy food” (Copestake, 2001).

Globally various innovative techniques like group based lending (the Grameen model) self help groups (Indian model), solidarity group (Latin America model) community based organization (also called village banking) have been successfully applied, which have made lending affordable and easily accessible to small farmers, helping them to improve farm productivity (Small farmers denied access to bank credit (Smets, 2006). Pakistan’s economy has always been dominated by the big business, which was the principal recipient of financial assistance from institution set up both in private and public sector, small business enterprises had particularly no access to the resources of large organizations, like the PICIC, IDBP, ADBP, NDFC and the banker’s equity. The privately owned banks whose deposits were derived from public were managed and controlled by big business houses in the interest of the fraternity to which they belonged (Fresh avenues of employment, (Mushtaq Ahmed, 1992).

The food and agriculture organization (FAO) says, 925 million people do not have enough to eat and 98 percent of the hungry people live in developing countries with 65 percent of the world’s hungry living in only seven counties: India, China, Congo, Bangladesh, Indonesia, Pakistan and Ethiopia (Nasir Jamal, 2011).
Hypothesis:
H1: The microfinance facility leads to an increase in social mobility.

Methodology:
The convenience sample of the study comprises of 350 customers from different microfinance banks in Rawalpindi and Islamabad. Khushali bank, Kashf microfinance bank ltd, The first microfinance bank, these are three leading banks operating in Pakistan. The objective of the study is how microfinance fights with poverty, and enhances the higher level of income and increase social mobility. Microfinance is the key strategy that leads to quick revival of economy and reduce poverty.

Tools for data collection
It was a causal study. The data from the present study was collected through one standardize scale social mobility scale. It is a likert scale with five response categories, ranging from 1= “strongly disagreed” to 5=”strongly agreed”, to measure the respondents perception based on few statements to perceive the impact of microfinance on social mobility. The tool used in the survey was a questionnaire adopted from (Mohammad Arifujjaman Khan & Mohammad Anisur Rahaman, 2007) and modified consists of 20 items and the questions were open ended.

Reliability of the instruments
SPSS was used for data analysis. Cornbachs alpha is a measuring of reliability. We have number of items 18, their reliability statistics .966. This shows the strong relationship between the variables and there is a strong internal consistency of the tool being used.

Procedure
Permission was taken from the customer of the different banks to collect the data. Research purpose was explained to the customers with assurance about the confidentiality of the information collected. After getting the permission through convenient sampling individuals were chosen for the study. Through one standardize scale which was administered. At the end customers were acknowledge for their willingness to participate in the study.

<table>
<thead>
<tr>
<th>Banks</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khushali bank</td>
<td>118</td>
</tr>
<tr>
<td>Kashf microfinance bank</td>
<td>116</td>
</tr>
<tr>
<td>The first microfinance bank</td>
<td>116</td>
</tr>
<tr>
<td>Grand total</td>
<td>350</td>
</tr>
</tbody>
</table>
Data Analysis and Findings

Reliability Instrument
Cornbach's alpha is a measuring of reliability. We have number of items 18, their reliability statics .966. This shows the strong relationship between the variables. Table is given below.

Reliability Statistics
Table 2 Reliability Statistics

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.966</td>
<td>18</td>
</tr>
</tbody>
</table>

Coefficients (a)
Table 3 Regression coefficient

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.001</td>
<td>.005</td>
</tr>
<tr>
<td>The ownership has increased my savings</td>
<td>.071</td>
<td>.004</td>
</tr>
<tr>
<td>Income generation has made access to better education of my children.</td>
<td>.084</td>
<td>.004</td>
</tr>
<tr>
<td>Better access to healthcare has improved the working / efficiency of my family.</td>
<td>.087</td>
<td>.007</td>
</tr>
<tr>
<td>Better financial position of my family has resulted in better social interaction.</td>
<td>.117</td>
<td>.007</td>
</tr>
<tr>
<td>Operational assistance received from MFIs has helped to run the business smoothly.</td>
<td>.055</td>
<td>.011</td>
</tr>
<tr>
<td>Employment opportunities have increased and expansion in my business can made.</td>
<td>.069</td>
<td>.009</td>
</tr>
</tbody>
</table>
Improvement in the living standard of the family has also improved my social status.
My present social status in your community has.
My present monthly salary / wages.
My status at your work place.
Generally the standard of my life.

| Improvement in the living standard of the family has also improved my social status. | .122 | .012 | .133 | 9.830 | .000 |
| My present social status in your community has. | .100 | .012 | .111 | 8.380 | .000 |
| My present monthly salary / wages. | .090 | .011 | .084 | 8.301 | .000 |
| My status at your work place. | .198 | .004 | .181 | 45.029 | .000 |
| Generally the standard of my life. | .089 | .004 | .075 | 21.882 | .000 |

Table 4 Model Summary

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.000(a)</td>
<td>1.000</td>
<td>1.000</td>
<td>.01725</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Generally the standard of my life., My present social status in your community has., Better access to healthcare has improved the working / efficiency of my family., Income generation has made access to better education of my children., My status at your work place., The ownership has increased my savings, My present monthly salary / wages., Better financial position of my family has resulted in better social interaction., Employment opportunities have increased and expansion in my business can made., Operational assistance received from MFIs has helped to run the business smoothly., Improvement in the living standard of the family has also improved my social status.

b, Dependent Variable: social mobility

Table 5 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>361.058</td>
<td>11</td>
<td>32.823</td>
<td>110332.3</td>
<td>.000(a)</td>
</tr>
<tr>
<td>Residual</td>
<td>.101</td>
<td>338</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>361.159</td>
<td>349</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Generally the standard of my life., My present social status in your community has., Better access to healthcare has improved the working / efficiency of my family., Income generation has made access to better education of my children., My status at your work place., The ownership has increased my savings, My present monthly salary / wages., Better financial position of my family has resulted in better social interaction.,
Employment opportunities have increased and expansion in my business can made.
Operational assistance received from MFIs has helped to run the business smoothly.
Improvement in the living standard of the family has also improved my social status.

**Dependent Variable:** social mobility

**Interpretation of the data analysis**

It can be seen in Model Summary, that the variable that were entered into the regression model had a combined correlation of $R = 1.00$ with the dependent variable social mobility. The value of $R$ square (the coefficient of determination), 1.00 shows that the variables explained 10% variation in dependent variable. The ANOVA analysis showed the F value of 110332.3 at significant at .000 levels. The model was found significant and can be used to predict social mobility.

It can also be seen in standardized coefficient column in the coefficients table that operation assistance received from MFIs has helped to run the business smoothly had the highest value in the Beta as (.050) at sig level .000, explaining the most of variance in social mobility. The second most significant predictor was found to be Employment in the living standard of the family has also improved my social status with a Beta value of .059 at sig level .000. it also found strong impact on social mobility.

![Figure 2 Histogram Dependant Variable social Mobility](image)

**Interpretation of graph**

The microfinance banking system yet to penetrate small cities and rural areas to attract large number of customers. The financial managers should invite investors and borrowers; evolve the strategy based on soft terms and conditions. Only then the impact of microfinance and social mobility will be visible as shown in above graph i.e. increase from lower towards upper level indicate gradual increase in social mobility.

**Conclusion**

The following conclusions are drawn from the above findings:

1. Microfinance helps poor people in raising their income levels and improving living standards.
2. The access to small sized and short term loans not only helps in poverty alleviation but also in socio-political empowerment of poor masses.

3. A developing country like Pakistan is badly needed a well organized microfinance policy for economic development and empowerment of low income households.

4. Microfinance is the key strategy that leads to quick revival of economy, increase in living standards, empowerment and social mobility.

**Recommendations**

In the light of the above study it is recommended that there is a strong need to create, develop and promote microfinance culture and assert its role as a major element in the process of national economic uplift and self-reliance. The state bank of Pakistan should assist and supervise microfinance banks/institutions for empowerment of people at the grass roots level and ensure that the poor and needy get microcredit on terms and conditions that are reasonable.

**Limitations**

There are number of limitation in this study. Following are some of the limitation:

- The respondents were limited in term of size and their composition.
- The data collection was restricted only within some areas of Rawalpindi district which is not the true picture of the country as a whole.
- While interviewing people it was difficult to make them understand the concept of microfinance. People living in villages were mostly illiterate, therefore it was difficult to explain some of the technical terms, such as finance, income etc.
References


Smets, P. 2006 Small is beautiful, but big is often the practice: Housing microfinance in discussion: Habitat International,, Vol. 30(3), pp. 595-613