

Brief 2

The World Bank - Pakistan Poverty Alleviation Fund *Research Partnerships on Participatory Development*

THE IMPACT OF ROLE MODELS ON FEMALE ACCESS TO CREDIT

Xavier Gine, Ghazala Mansuri

Context

Women in rural areas of Pakistan face several barriers to participation in economic life. Examples of such barriers are constraints on their time, limited access to capital and limited exposure to markets and business networks. Weak decision-making power within the household often reinforces these disadvantages, further limiting their ability to secure time or resources for their own productive activities. One manifestation of this is the comparatively low prevalence of female-owned businesses, and even as entrepreneurs, women operate at a smaller scale and with lower profitability than male businesses.

The recognition that women may therefore be most in need of credit for small businesses has played an important role in the woman-centered microcredit movement of the last two decades initiated by Mohammed Yunus and the Grameen Bank. In Pakistan, however, microfinance as well as other support for micro-entrepreneurship has focused primarily on men while women remain at the margins of economic life.

The Experiment

The National Rural Support Program (NRSP), with support from PPAF, conducted an experiment designed to encourage female uptake of a new loan facility of up to four times the regular loan size available to clients

Two different brochures that provided information about the characteristics of the loan and described the application process were designed. Both brochures were identical, except for the cover page: one featured different businesses with men operating them, while the other had the exact same businesses, but with women entrepreneurs instead. The five businesses in the brochure were chosen to be representative of the type of businesses typically run by NRSP clients. The brochure thus contained two agribusinesses, two retail businesses and one tailoring business.



Eligible clients received one of the two versions of the marketing brochure, chosen at random, and an explanation of the new loan product during one of their scheduled group meetings that took place between

July 2007 and September 2007. Then, using administrative data from NRSP one can ask if the type of brochure received, designed to trigger positive role models among women, had an impact in their willingness to take the new loan product.

Results

We find that the marketing brochure affected both male and female clients, but quite differently. In the full sample of clients, the brochure has little impact on loan demand among either men or women. But when we focus on business owners, we find that exposure to the female brochure substantially decreases demand for the larger loan among women clients but has no impact on male clients. Importantly, this is not an artifact of business scale, because although women typically operate much smaller businesses, we show that women who operate businesses which are comparable in scale to male businesses also react negatively to the female brochure. However, once we allow the response to the brochure picture to vary by individual characteristics, we find that this negative effect is concentrated among women business owners with low decision making power.

We also find that men also react negatively to the female brochure, but only among non-entrepreneurs, and among men with either low education or married to women who are relatively poorly educated. This could be interpreted as evidence of affinity but it is also consistent with men's low regard for females as business owners. Interestingly, female business owners with high decision making autonomy shown the male brochure also react negatively by roughly the same magnitude, while there is no effect on female business owners with autonomy shown the female brochure.

Policy Implications

Although the goal of this experiment was to expose women to positive role models, the picture of female entrepreneurs on the brochure may have challenged local norms of relative power, especially seen from the male viewpoint.

This helps explain why the demand is low for low autonomy women, because it is mediated through men who respond positively to the male brochure.

This suggests that social norms marketing can often be more salient for the more disadvantaged but it can actually generate perverse responses in some contexts.

In sum, exposing women to positive role models or information that challenges prevailing norms may meet different levels of success depending on the level of autonomy enjoyed by women. In particular, women with low levels of autonomy may require more intensive interventions, consistent with other work which has used information campaigns to change stereotypes.

