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***Impacts of Micro-Finance on Women's Economic Empowerment:  
The Case of Selected Branches of Harbu Micro-Finance Institution  
in Jimma Zone.***

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***Thesis Submitted to the School of Graduate Studies of Jimma University in  
Partial Fulfillment of the Requirement for the Award of Degree in Master of  
Business Administration (MBA)***

**BY:  
WONDIMU EDESSA**



**JIMMA UNIVERSITY  
COLLEGE OF BUSINESS & ECONOMICS  
MBA PROGRAM  
JUNE 05, 2017  
JIMMA, ETHIOPIA**

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**BY:**

**WONDIMU EDESSA**

**Under the Guidance of**

**Mr. Wubishet Mengesha (Assistant Professor)**

**And**

**Mr.Hayelom Nega**



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## **CERTIFICATION**

This is to certify that the thesis entitled “Impacts of Micro-Finance on Women’s Economic Empowerment: The Case of Selected Branches of Harbu Micro-Finance Institution in Jimma Zone”, submitted to Jimma University College of Business and Economics for the award of the Degree of Master of Business Administration (MBA) and is a record of valuable research work carried out by Mr. Wondimu Edessa, under our guidance and supervision.

Therefore we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

<u>Main Advisor’s Name</u>	Date	Signature
Mr. Wubishet Mengesha (Assistant Professor)	_____	_____

<u>Co-Advisor’s Name</u>	Date	Signature
Mr. Hayelom Nega	_____	_____

# **DECLARATION**

I hereby declare that this thesis entitled “Impacts of Micro-Finance on Women’s Economic Empowerment: The Case of Selected Branches of Harbu Micro-Finance Institution in Jimma Zone”, has been carried out by me under the guidance and supervision of Mr. Wubishet Mengesha and Mr. Hayelom Nega.

The thesis is my original work and that all sources of material used for this thesis have been duly acknowledged. I solemnly declare that this thesis has not been submitted to any other institution anywhere for the award of any academic degree, diploma or certificate.

**Name: Wondimu Edessa Kabeta**

**Date: 05/06/2017 G.C**

**Signature: \_\_\_\_\_**

**Place: Jimma, Ethiopia.**

## ABSTRACT

*Micro finance is primarily perceived as a development strategy that provides credit and savings services to the poor, particularly women, for income generating activities to bring about economic empowerment. Women constitute nearly half of the Ethiopian population and they involved in different sectors of the economy, although poor women are engaged in heavier and highly time consuming workloads, they never obtain the commensurate earnings. This research was conducted in Jimma Zone Harbu micro finance institution, to analyze the impact of micro finance on economic empowerment of women. A combined research approach (a mix of quantitative and qualitative methods of data collection and analysis) was employed and both primary and secondary data were collected. Data were collected through survey questionnaires and focus group discussion. Multistage sampling method was used. Branches and women borrower in and above third loan cycle were selected purposively. Sample respondents were selected randomly. A total of 150 women borrower were selected to gain insight on impact of Harbu micro finance on women's economic empowerment in the study area. Descriptive and inferential statistics and econometric analysis were employed to address the specific objectives of the study. SPSS (Version 20) was used as analytical tool. Empowerment index was prepared from seven important indicators of economic empowerment in microfinance and assessed the economic empowerment status of the respondents. The finding of the study reveal that 57.3% (n=86) of respondents were in low category of economic empowerment before joining HMFIs for credit program, amazingly after joining HMFIs for credit program the percentage of sampled respondents in the low category has decreased to 4.7% (n=7) in the study area. Quite reversely after joining HMFIs the percentage of sampled respondents in high category of economic empowerment has increased from 6.7% (n=10) to 60.7% (n=91) in the study area. The ordered logit analysis employed with statistically significant variables to analyze determinants for women's economic empowerment in the study area showed that dependency ratio, marital status, annual income and loan size were significant factors determining women's economic empowerment in the study area. Moreover surveyed result shows that about 93.3% (n= 140) of sample respondents have reported as their annual income increased after joining HMFIs for credit program. In general this study revealed that the women's economic empowerment have positive association with micro finance services. However, women economic empowerment cannot be attained through mere provision of microfinance services as it determined by other factors indicated above. Therefore, programs that aiming at inducing women economic empowerment through microfinance needs to consider the importance of determinants that affect both negatively and positively. Besides this, all concerned bodies should give due attention for family planning and gender equality issues and also should focus in income sources diversification.*

**Key Words:** Harbu MFI, Jimma Zone, Micro Finance Institution, Women's Economic Empowerment

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## **LIST OF ABBREVIATIONS**

ACSI	Amhara Credit and Savings Institution
ADLI	Agricultural Development Led Industrialization
AJPH	American Journal of Public Health
BoFED	Bureau of Finance and Economic Development
CBO	Community Based Organizations
CLAs	Cluster Level Association
CSA	Central Statistical Agency
DECSI	Dedebit Credit and Savings Institution
EDHS	Ethiopian Demographic and Health Survey
FC	Facilitators for Change
FDRE	Federal Democratic Republic of Ethiopia
FGD	Focus Group Discussion
FMOs	Farmers Marketing Organization
GAD	Gender and Development
HMFI	Harbu Micro Finance Institutions
IFAD	International Fund for Agriculture Development
IGA	Income Generating Activities
ILO	International Labor Organization
MFI	Micro Finance Institution
MoFED	Ministry of Finance and Economic Development
NBE	National Bank of Ethiopia
NGO	Non-Governmental Organizations
OCSSCO	Oromia Credit and saving Share Company
PA	Peasant Administration
PASDEP	Plan for Accelerated and Sustainable development to End Poverty
PGN	Practical Gender Needs
RUFIP	Rural Financial Intermediation Program
SHG	Self Help Group
SNNPRS	Southern Nations Nationalities and peoples Regional State
SPSS	Statistical Package for Social Scientists
UN	United Nation
UNCDF	United Nations Capital Development Fund
USD	United States Dollar
VSLA	Village Saving and Loan Association
WID	Women in Development

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Microfinance is the provision of a broad range of financial services to poor low-income households particularly for women and micro enterprises (Amin & Pebley, 1994). Research interest in the issue of access to microfinance particularly by women has been on a rising trend in recent times. Bennet and Goldberg, (1993) asserted that in developing economies, low-income women are often victims of societal suppression and abuse; while their counterparts in developed economies are victims of lending discrimination. Befikadu (2011) argued that providing financial services to women may help empower them economically which in turn resulted in social and political empowerment.

UNCDF (2002) clearly asserted that the heightened interest in the gender dimension of microfinance in recent times stems from the fact that women are often seen as instruments for societal change and development and as such, empowering them may be of great benefit to society. Access to credit by women has therefore become the main subject of many global and regional conferences, seminars and workshops.

UNCDF (2004) states that micro finance playing three key roles in development: First it helps very poor households to meet their basic needs and protect against risks, associated with improvements in household economic welfare, and helps to empower women by supporting women's economic participation and promotes gender equity. According to AJPH (2007), microfinance is primarily perceived as a development strategy that provides credit and savings services to the poor, particularly rural women, for income-generating activities. Studies show microfinance playing effective role for women's empowerment since it enhances self-esteem, economic wellbeing, social participation, and confidence to negotiate at household and community levels. Mayoux (2005) indicated that in the feminist paradigm, women's empowerment is seen as an integral and inseparable part of a wider process of social transformation.

Similarly, studies have demonstrated that in many urban areas, women, in general, and female heads of households, in particular, make up the majority of the urban poor (Emebet 2008 cited in Befikadu 2011). Besides this, a growing body of literature on gender and development argues that development is often subjected to male bias (Kabeer 1994); most “theories” of development have little to say about women in the past while both research and policies have generally been directed towards men. Meyer (1992) clearly argues for the recognitions of women's productive role in Africa owing to women's exclusion from development programs until the 1970s.

In an effort to promote women empowerment, the U.N general assembly in 1974 passed a resolution emphasizing the priorities of women, their role and participation in socio-economic development and the need to integrate them fully into the development agenda. Subsequently, many world conferences like the first Women’s conference in Mexico City in 1975, and others at regional levels have been held and continued to be held. All these conferences aimed at developing and emphasizing strategies for the advancement of women so as to overcome the obstacles that women in general encounter in trying to achieve equality, peace, respect and a say in the development of lives through sustaining their income-generating activities to enhance their economic power.

The beginning of micro finance in Ethiopia was strongly equated with NGO poverty alleviation intervention in 1990s (Wolday 2004). Until mid 2012, thirty five microfinance institutions were operating in the country and reached over 1.5 million low income individuals (NBE, 2012). Low income women are among the target groups of microfinance programs in Ethiopia, and they comprised more than a third of the total clients of microfinance institutions in the country (Shiferaw and Wolday 2004).

In line with the MFIs of Ethiopia, HMFI was established in 2005 with the aim of reducing poverty and unemployment by delivering micro credit and saving facilities for low income households throughout the Ethiopia. Currently HMFI is specifically operating in Oromia and Amhara Regional States and also in Addis Ababa city administration (HMFI, 2015).

## **1.2. Background of the Study Organization**

Harbu Micro Finance Institution (HMFI) was established and registered by the National Bank of Ethiopia on Feb. 07, 2005 as a share company fulfilling the requirements of proclamation No.40/1996 and the directives of the National Bank of Ethiopia, the authorizing body to licence and supervise MFIs in the country(HMFI, 2015).

Harbu is a Micro financing Institution registered as a business entity under the Ethiopia Commercial law and Proclamation No.40/1996 (revealed by Proclamation No.626/2009) to deliver financial services to the capable poor who are willing and ready to engage in to productive economic activities. In addition to financial service, Harbu focuses on delivery of non-financial services such as creation of enabling environment for the cultivation, development and expansion of micro-entrepreneurship that promotes productivity, employment and income generation for the rural and urban poor (HMFI, 2015).

The establishment of Harbu MFI is directly linked with, though not limited to, the rising demand for credit by the community members with whom Facilitators for Change (FC) is working with. Harbu has created strategic partnership with FC as mother NGO to boost economic and social livelihoods of the society through Community based organizations (CBOs) approach/SHG/CLAs or FMOs approaches/. Hence, Harbu is FC affiliated micro finance institution that operates mostly in FC's intervention areas (HMFI, 2015).

Harbu is unique in adopting diversified approaches for the delivery of its services to clients and innovative products. SHG, FMO's, solidarity group and individual lending are the approaches it employs to render its services. It is also one of the few MFIs that give due emphasis for women empowerment and designed strategies to increase the share of women clients more than 60% of the total clients (HMFI, 2015).

## **1.3. Statements of the Problem**

Microfinance has expanded in developing countries since 1990s and significantly increased women's access to small loans and savings. This increased access to microfinance services has been contributing not only to poverty reduction and financial sustainability but also for economic empowerment, increased wellbeing, and social and political empowerment for women and thereby addressing goals of gender equality and



empowerment (Mayoux & Hartle, 2009). Though empowerment is not always an outlined objective of most microfinance institutions, women empowerment is one of the self-evident objectives since microfinance programmes have generally and mostly targeted women as clients (Aliya, 2004).

As of World Bank (2010) women are disproportionately represented among the world's poorest people as they account 50% of total population, work 2/3 of global working hours, make 2/3 of global illiterate population yet they earn less than 10% of global income. Some authors advocates (Derege 2008, as cited in Hossaina 2013) that increasing women's access to micro finance services will enable women to make a greater contribution to household income. This, in turn, will translate into improved standards of living. Moreover, because women have fewer resources available to them, they tend to be more vulnerable when economic challenges or unforeseen circumstances arise.

Women constitute nearly half of the Ethiopian population and they involves in different sectors of the economy (EDHS, 2015). As of World Bank, (2010), although poor women are engaged in heavier and highly time consuming workloads, they never obtain the commensurate earnings. This leads them to be highly dependent on their husbands. The burden is worse in rural Ethiopia where rural women have no alternative to generate their own income and to be self-reliant.

Due to cultural problems, lack of participatory policies and lack of awareness, women continue to be burdened with back-breaking domestic chores and unimproved heavy agricultural activities for long periods of time. Women in Ethiopia have not been exposed to the economic opportunities that would enable them practice alternative income-generating activities. This lack of alternative income sources constrains women to be very much dependent on their husbands and to have low participation in household decision-making. Besides, women have no access to networks to share experience of the world outside the home (World Bank, 2010).

But recently, Wolday (2004) states that many scholars, policy-makers and development planners have started advocating the important role of the emerging new phenomenon, microfinance program, for the advantage of poor Ethiopian women. Microfinance institutions in the country are formed with major objectives of poverty alleviation and women

empowerment to mention few. The extent of success on the objectives and activities of MFIs' is but subject to the level of real changes brought on the targeted group of population. The reason that initiates the researcher for undertaking this study is emanated from the researcher practical experiences and information about the study area and the institution. Many of the studies conducted in line with MFIs (Abebe 2006; Ahmed 2007; Ashmelash 2003; Bamilaku 2004; Bilisie 2009; Brehanu 1998; Brinesh 2009; Daba 2003; Misganaw 2008; Mulugeta 2006; Tesfay 2003; and Yohannes 2006) have mainly emphasized on assessing the role of micro finance programs on poverty reduction (Bilisie 2009) and determinants of loan repayment performance (Selam 2016). Most of them were mixed as in comparative between rural and urban areas; men and women; clients and non-clients. Others have focused on the roles of micro finance programs on the Reduction of unemployment owing to the persistence of the problems across the country, causes and impacts of defaulted Loan on MFIs performances.

But the issue of women's economic empowerment through micro finance has been overlooked and/or little attention has been given by researchers. Besides, even studies that included the issue of empowerment evaluated its impacts with limited indicators/failed to notice the Impacts of MFIs on women economic empowerment as they emphasized on poverty reduction at household level mainly in rural areas and also as they focused on Outreach and sustainability of MFIs (Abebe 2006; Ahmed 2007; and Daba 2003). Many of the studies outlined above have focused mainly on the analysis of micro finance institutions instead of equally considering the participants' perspectives. However, studies that critically assess the impact of micro-finance on women's economic empowerment are so far limited in the country in general and in the study area specifically. This is perhaps due to the fact that both micro finance development and priority attention to women's economic empowerment are even if not new, but now currently recognized as important strategies in the process of policy development in Ethiopia (Wolday, 2003).

Above all, the mentioned reasons are the bases and gaps which inspired the researcher to examine the impact of MFIs on women's economic empowerment by Harbu MFIs in Jimma zone, Oromia regional state. Consequently, this study was aimed to assess the status of women's economic empowerment through microfinance by analyzing the determinants of

women's economic empowerment as well as it focused on assessing the role of microfinance in improving and increasing the women clients' income in the study area.

Accordingly, this study examined the impact of selected branches of Harbu micro finance on the economic empowerment of women in Jimma Zone, Oromia Regional State, Ethiopia.

## **1.4. Research Questions**

To assess the impacts of microfinance on women's economic empowerment in the study area, the following research questions were asked and answered.

1. Is there status of women's economic empowerment in the study area changed after joining Harbu microfinance?
2. What are the determinants of women's economic empowerment through Harbu microfinance in the study area?
3. What are the roles of Harbu microfinance services in improving women's income in the study area?

## **1.5. Objectives of the Study**

### **1.5.1. General Objective**

The general objective of the study is to analyze the impact of microfinance on the economic empowerment of women in Harbu Micro finance institution, Jimma Zone.

### **1.5.2. Specific Objectives**

The specific objectives are:

1. To assess the status of women's economic empowerment through Harbu microfinance in the study area.
2. To analyze determinants of women's economic empowerment through microfinance in the study area.
3. To explore the role of Harbu microfinance services in improving women's income in the study area.

## **1.6. Significance of the Study**

The results of this study would have contributions in identifying impacts of Harbu micro-finance on women's economic empowerment. It could be used as a stepping stone to examine the impacts of micro-finance on women's livelihood in other study areas with modification to immediate issue. It would be an input for planners and development practitioners who are primarily working on women's empowerment in general and economic empowerment of women in particular. Moreover, it is helpful to be as a reference for other studies in the area with similar or other themes of study. Finally conclusions and recommendations given would help in identifying determinants that micro finances are facing in economic empowerment of women in the study area.

## **1.7. Scope and Limitation of the study**

The study was conducted in Harbu Micro finance institution of Jimma Zone. To make the study manageable within the allotted time and financial budget, the study covers three selected branches of HMFI from six branches operating in Jimma Zone. The research involved the women borrower of HMFI to get complete and appropriate information about the issue under question.

The research was limited mainly due to geographical and content scope. Geographically the research covers only three branches of HMFI in Jimma Zone, and does not cover other parts of the country. Moreover, the research covers only women's economic empowerment dimension and may not allow for making generalized conclusion about overall women's empowerment in the study area.

## **1.8. Organization of the Study**

This thesis is organized in to five chapters. Introductory part comprises the background, background of the study organization, statement of the problem, research questions, and objectives of the study, significance of the study, and scope and limitations of the study. The second chapter presents the review of literature, review of empirical studies and conceptual frame work of the study. The third chapter focuses on the research methodology which briefly discusses description of the study area, data collection procedures and analytical techniques. Chapter four presents result and discussion.

Finally, the last section presents summary, conclusion and recommendations.

# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.0 Introduction**

This chapter presents the basic concepts and relevant research works that are conducted in the country and in the study area. This literature review explores the major themes of the research objectives: analyze the impacts of microfinance on the economic empowerment of women in the study area. The chapter begins with defining terms and proceeds highlighting micro finance, discussing concepts of microfinance and overview of micro finance in Ethiopia, overview of microfinance in other country (Bangladesh), Developments of microfinance and women's participation in Ethiopia and also highlights the factors that affect women's participation. Additionally literature review continues by discussing the concepts of empowerment and women's empowerment, policy approaches to women empowerment, Dimensions and types of empowerment, women's economic empowerment and its indicator through microfinance. Following the review of relevant literature, conceptual framework is developed for the research.

### **2.1. Theoretical Review**

#### **2.1.1. Concept of Micro Finance Institution**

Micro finance encompasses the provision of financial services and the management of small amount of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services. It thus consists primarily of providing financial services, including savings, microcredit, micro-insurance, micro-leasing and transfers in relatively small transactions designed to be accessible to micro enterprises and low income households (Asiamaet *al.*, 2007).

Microfinance is the provision of financial services to low income poor and very poor self-employed people (Otero, M. 1999). These financial services according to Lidgerwood, (1999) generally include savings and credit but can also include other financial services such as insurance and payment services. Schreiner. (2001) support this view by defining microfinance

as the attempt to improve access to small deposits and small loans for poor households neglected by banks. Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from another formal financial institutions due to lack of collateral (Schreiner,2001)

Moreover, Microfinance is an economic development approach that involves providing financial services, through institutions, to low income clients. The services provided by the Microfinance Institutions (MFIs) include credit, savings and insurance services. MFIs also provide social intermediation services such as training and education, organizational support, health and skills in line with their development objectives. Further, Microfinance Institution (MFI) is an organization, engaged in extending micro credit loans and other financial services to poor borrowers for income generating and self employment activities. An MFI is usually not part of the formal banking industry or government. It is usually referred to as Non-Government Organization (NGO).

Related concepts to Microfinance are micro savings, micro insurance and MFIs. They are briefly explained as the next statement shows. Micro Savings is also a microfinance service that allows impoverished individuals to safeguard money and other valuables items and even earn interest. It allows a lump sum to be enjoyed in future in exchange for a series of savings made now (Ayertey, 2008). Micro Insurance is also a component of microfinance. It is therefore not surprising that Micro Insurance is an important service in every aspect of life. It is the provision of insurance to low income households. Poor households are especially vulnerable to risk, both in the form of natural calamities as well as more regular occurrences of illness and accidents. Microfinance Institutions (MFIs) have played an active role in reducing or protecting the low income earners against this vulnerability. This is done by providing credit for increasing income earning opportunities and through providing savings services to build up resources that can be drawn down in cases of emergencies.

In this literature, the terms microcredit and microfinance are often used interchangeably, but it is important to highlight the difference between them because both terms are often confused. Sinha,S.(1998) states that “microcredit refers to small loans, whereas microfinance is appropriate where NGOs and MFIs supplement the loans with other financial services such as

savings and insurance”. Therefore microcredit is a component of microfinance in that it involves the provision of credit to the poor, whilst microfinance add on non-credit financial services such as savings, insurance, pensions and payment services (Ayertey, E. 2008)

Further, microfinance as a product has several characteristics some of these as identified by Mohammed & Mohammed (2007) are that “they entail little amounts of loans which are given to individuals and groups to help them start some income generating activities”. Secondly “they involve little savings over time as it serves as security for poor households and also help them accumulate substantial capital to overcome their capital constraints”. Thirdly, “the loans which are given out are a short term loans, usually up to one year. Payment schedules are usually on weekly basis and installments which combine both principal and interest, and are amortized in course of time”. Finally, easy access to the microfinance intermediary saves time and money of the client and permits the intermediary to have a better idea about the clients’ financial and social status.

### **2.1.2. Overview of Micro finance sector in Ethiopia**

Microfinance services have been provided in Ethiopia mostly by donor funded programs through NGOs and government institutions (Yigerem, 2010). However, the formal microfinance services started since 1994/5. In particular, the licensing and supervision of Microfinance Institution Proclamation No. 40/1996 encouraged the spread of microfinance institutions as it authorized them to, among other things, legally accept deposits from the general public (hence diversify the sources of funds), draw and accept drafts and manage funds for the micro financing business (Getaneh and Carter, 2007).

According to Sebstad (2002), the Ethiopian microfinance industry has undergone tremendous growth and development in a very short period of time. Today, 35 registered MFIs provide savings and credit services to more than 500,000 households in rural and urban areas across the country. To put the extraordinary growth of Ethiopian MFIs in perspective, as of December 2000, Dedit Credit and Savings Institution (DECSI) was the fourth largest MFI in Africa in terms of total number of clients (187,470). While Amhara Credit and Saving Institution (ACSI) considered the sixth largest MFI in Africa with 143,520 clients. Only eight MFIs in Africa had more than 100,000 clients. This remarkable growth of new MFIs in less than five years is unprecedented in Africa.



As Sebstad indicated from the overall achievements of Ethiopian MFI in terms of outreach in relative to short time is very impressive. However, the scope of reaching needy beneficiaries still not met and demand for financial services remains high. According to (IFAD, 2001) RUFIP appraisal report, the potential demand for microfinance in rural Ethiopia is estimated to be between 4.2 and 5.5 million households. Currently, MFIs reach approximately 10 percent of this market.

Moreover, government of Ethiopia has designed development strategies, such as “Sustainable Development and Poverty Reduction Programme” that follows Agricultural Development Led Industrialization (ADLI) strategy emphasized rural finance services as the main policy focus that stressed as one of the four pillars. The shortage of capital is seen as the most constraining factor when the available number of working age population and the potential cultivable land is considered (Getaneh and Carter, 2007).

The micro financing proclamation was issued in order to provide for legal regime of microfinance institutions within Ethiopia's monetary and financial policies. Besides, it was meant to fill the missing gap that the monetary and banking laws of the country did not provide for microfinance institutions that cater to the credit requirements of peasant farmers and micro-level business operators (Wolday, 2003).

Consequently, the main objective of the microfinance institutions is the delivery of financial services (providing micro-loans, micro-savings, micro-insurance, money transfer, etc) to a large number of productive but resource-poor people in rural and urban areas, including micro and small entrepreneurs in a cost-effective and sustainable way (Wolday, 2004).

The second phase of “Plan for Accelerated and Sustainable Development to End Poverty” PASDEP (2005-2010) Ethiopia’s guiding strategic framework document provides strong emphasis to micro-enterprise and self-employment supportive intervention based on key principles such as: (a) enabling people, communities and business crowding – not crowding out personal responsibilities, (b) achieving the objectives through decentralization, private sector promotion and liberalizing market controls while reorganizing market failure, and (c) targeting services to vulnerable groups (FDRE, 2006). Similarly, the last five years Growth and

Transformation plan gave emphasis on promotion of livelihoods diversification through off-farm income and small scale agricultural commercialization, (MoFED, 2010).

### **2.1.3. Overview of Microfinance in other country: Bangladesh**

Bangladesh has been the pioneer in the field of microfinance movement since its interception since 1980s. Today Bangladesh is the home to the most extensive microfinance operations in the world. Starting from the resource of few pennies and with the clients in double digit counts, microfinance movement gained such a momentum that it has not only made great strides in Bangladesh in delivering financial services to the poor , specially women, but also has become a pioneer in the developing world. There are many MFIs working in Bangladesh and in the other parts of world, which have differences in their organizational structure and working methodology, but they all work on the common theory, philosophy and goal. Many studies and surveys have been carried out by different agencies regarding the working of MFIs and their impact on the poor people in Bangladesh.

The agencies like Bangladesh Institute of Development Studies and World Bank have found strong evidence that functioning of MFIs have helped the people in meeting their daily needs and at the same time building their assets. It has been stated in The World Bank Economic Review that microfinance has not only helped people to develop in their material capital but also in the human capital, by better access to health care and education system, and general awareness among the people about their rights and duties towards society. One of the most important features has been the reduction of gender biased in the society. MFIs have helped women acquire assets of their own, educated them and thus gave them the right and power in the household decision making (Mohammed and Mohammed, 2007).

### **2.1.4. Microfinance Development and Women's Participation in Ethiopia**

Up until the early 1990s, the sources of finance for rural and urban poor and micro and small enterprise operators in Ethiopia were confined only to informal sources of finance like moneylenders, friends and relatives (Itana *et al.*, 2004). He further noted that, starting in the mid-1990s, following the drought of 1984/85, some Non-Government Organizations (NGOs) introduced the idea of saving and credit among poor people as a strategy for rehabilitation and development. Later on, special government programs operated mainly in collaboration with

international financial institutions came into the picture. However, both types of programs were operated in a scattered manner and lacked sustainability until 1996.

Of the substantial measures taken to liberalize the financial sector, the promulgation of proclamation No.40/96 is most commonly cited. The proclamation provides the framework to create, expand and develop micro- Finance programs. Micro-financing is viewed as a means to alleviate poverty through pumping capital to subsistence agriculture and micro enterprises.

Following the Agricultural Development Led Industrialization (ADLI) strategy of the Ethiopian government, rural finance has been considered as an important tool for agricultural and food security (Belay, 2001). Consistent with its ADLI policy, the government had to reconsider the operational modality of micro-finance to facilitate a very significant improvement in service delivery and outreach. Consequently, the government came up with Proclamation No.40 in June 1996. The central elements of the proclamation seem to be outreach and sustainability. That is, if properly implemented, the proclamation has the potential to facilitate significant outreach, and the flourishing of several sustainable Micro-finance institutions (Meklit MFI *et al.*, 2005). After the enactment of this Proclamation, about 26 MFIs have been legally registered by the National Bank of Ethiopia (NBE), (Wolday, 2007).

The importance of the micro and small enterprises sector in Ethiopia, particularly for the low-income, poor and women groups, is evident from their relatively large presence, share of employment and small capital requirement. These are sufficient reasons for governments and other stakeholders in development to be interested in micro and small enterprises (Gebrehiwot and Wolday, 2001).

In line with the development of micro-finance institutions, the Government of Ethiopia set up participatory rules and policies which gave space for women Productivity. Padma and Swamy (2003) noted that, government has formulated and issued the Ethiopian Women's Policy to speed up the economic and social advancement of women. This policy gives special emphasis to rural women by 'facilitating the necessary conditions whereby they can have access to basic services and to ways and means of lightening their workload'. Consequently, all development programs at national and regional levels should be able to integrate gender concerns in their plans and programs to ensure that women participate, contribute, benefit, become recognized,

and obtain technological support. Rural development programs need to reorient their implementation strategies so that they would target rural women as beneficiaries of development initiatives and programs. Within this framework, anti-poverty and women empowerment could be aspects of the major development strategies.

Ethiopian MFIs have served 1,211,305 clients nationwide up to June 2005 (Wolday, 2007). The loan portfolio in the hands of active clients was about Br 1.5 billion (173 million USD). The average loan size was about Br.1000 (116 USD). Ethiopian micro finance industry is dominantly serving the rural poor. About 38 percent of clients of the MFIs are female (Wolday, 2007). As the overriding objective of MFIs in Ethiopia is to provide a broad range of micro-finance services to large numbers of poor households, it should be their (MFIs') priority to accommodate remarkable numbers of women clients to accomplish tangible changes in the livelihood of the rural poor.

## **2.1.5. Factors Affecting Women Participation in Micro Finance**

### **2.1.5.1. Institutional Factors**

Collateral is one of the serious institutional related constraints for women participation in micro finance programs. Because, evidence in relation to women preference and collateral indicated that some women prefer individual loans as a result in many contexts group formation has been problematic (Mayoux 1999). That is why; a partially formed peer groups looking for a reliable members with [whom] to share risk is more likely reject candidates they consider most risky, namely the very poor (Yaron 1997). Loan size also services as a mechanism to include the poor including women in microfinance programs. Activity based targeting is also another alternative to address the financial needs of women (Mayoux 2005). Moreover, institutional related constraints such as loan size for which experience shows that if the borrowers are poor and women, the loan size should be small (Mayoux 2005). In such cases, loan size business plans and registered collateral are demanded by loan providers.

Saving, this can be made by the beneficiaries both as compulsory and voluntarily. Mayoux (2000) cited in Zelalem (2007) suggests that capacity and willingness of the potential clients to save is one of means to indentifying the ability to shoulder debt. Loan purpose is another factor that may affect women inclusion or exclusion from the credit programs. For which evidence

indicated that determining the purpose of the loan use may help women to use their loans by themselves since the determined purpose (nature of activity) may not invite their counter parts to be engaged in it (Mayoux 1997).

Resal (2001) notes that the physical and mental conditions of eligible women are taken into account such that the “unattainable” are excluded from the start. That is, staffs responsible for screening candidates can exclude some people who although in need of assistance are in their view unlikely to succeed in meeting the goals of credit providing institutions. This deliberate action of the staffs in screening the target groups lead to what Rahaman (2000) calls the selective “exclusion of the poorest”. Kabeer (2009) highlights that institutional related factors in reality; the pressure of meeting weekly repayments was mentioned as of the most important tensions generated by poverty-oriented lending.

#### **2.1.5.2 Personal Related Factors**

Education and experience are one of personal related factors that constraint women participation in the micro finance programs. Because, to become an entrepreneur, women need to look for opportunities, be able to assess them and convert them into a successful business. With the revolution in information technology, information is now available for all. Thus, woman must possess high skills and intensive knowledge to gather information and process them at the stage of searching investment opportunities and the stage of executing the chosen opportunity (Naser 2009). Cheston and Kuhn (2002:42) observed that “one of the most difficult challenges that many women face as they start to expand their business is the balancing of their increasing responsibilities with their household responsibilities”. Women, especially poor mothers, must divide their time between work "productive role" and family "reproductive role", and balancing all the demands. Time is valuable for these women, as their livelihoods depend largely on their ability to fulfill the multiple demands of the household and the marketplace. For this reason, women businesses remain small and concentrated in less profitable sectors in large because of time constraints that women domestic responsibilities created (Cheston and Kuhn 2002).

### **2.1.5.3. Socio-cultural/contextual Related Factors**

Studies made in 12 West African countries show that there are legal and cultural restrictions on women activities and women in many parts of the less developed countries are disadvantaged in their accesses to education, skills, and capital that improve their ability to succeed in small business (Webster and Fidler 1996). According to Nilufer (2001), socio-cultural factors in developing countries influence women's decision to become an entrepreneur. These include religious values, ethnic diversity, and marital status. But, limited women participation in the labour force is attributed to social norms where married participation is less than single or widow women (Naser 2009). Societal limited recognition for women socio-economic roles also hinders their participation in micro finance programs. For example, in spite of the remarkable importance of women's participation, their jobs have been considered as an “extra income” to family survival or simply to improve its living conditions. Moreover, microenterprises owned by women have been considered as a way to meet primary needs instead of a profitable source of income.

### **2.1.6. Concepts of Empowerment and Women’s Empowerment**

Ever since its emergence, the concept of empowerment has been widely used, misused, and contested concept used in different ways by individuals and organizations of differing world views and political persuasion. Thus, it would be inappropriate to try to develop all-inclusive measures of empowerment. Mayoux and Johnson (2007) argue that there are disagreements about what it meant by power and hence, the aim of empowerment, who is to be empowered, and the role of intervening agencies in empowerment processes.

Kabeer in her an influential paper views “empowerment ... as the process by which those who have been denied the ability to make strategic choices acquire such [an] ability” (Kabeer 1999:437). In this definition empowerment entails change from a previous state to a new state of greater freedom and/choice to make. Empowerment is a process whereby people gain increasing power and control over their lives. It involves awareness, self-confidence, broadening of options, opportunities, and control of resources. It comes from “inside”, from the individuals themselves it cannot be granted by others (Aguilar et al. 2002).

World Bank (2010) conceptualizes empowerment as the process of increasing the capacity of individuals to make choices and transform those choices into desired actions and outcomes. Central to this process are actions which, both build individual and collective assets, and improve the efficiency and fairness of the organization and institutional context which govern the use of these assets. Empowerment is the ability to obtain an income that enables participation in economic decision making. Individuals become empowered when they obtain, the right to determine choices in life and to influence the direction of change, through the ability to gain control over material and non-material resources (Rowlands 1997).

Kabeer (1999 and 2001) sees empowerment as a process and not an instrumentalist form of advocacy, which requires measurement and quantification of empowerment. She emphasizes that the ability to exercise choice incorporates three interrelated dimensions: resources (include not only access, but also future claims, to both material and human, and social resources); agency (processes of decision-making, less measurable manifestations of agency such as negotiation, deception, and manipulation) and achievements (well-being outcomes).

Rowlands (1997) views women empowerment as both a process and a result of the process. He observes it, as a process whereby women become able to organize themselves to increase their self-reliance, to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination. Empowerment generally involves change at three broad levels: within the household, within the community, and at a border institutional or policy making level (Zafar 2002). In line with different scholars points of emphases and understandings I conceptualized women empowerment as a process and its product through which women gain financial capacity to invest for their immediate and future needs; develop the capacity to take part in household decision making processes; able to participate in social and economic issues which benefit them in wider community; develop a confidence on one's own ability and equipped to bring „tangible“ changes on their lives; challenge gender based discriminations and recognized for their voices by the existing systems and “rule of the games”, which were partially or entirely denied previously.

### **2.1.7. Dimensions of Empowerment**

Empowerment by definition is concerned with power relations. However, power has different dimensions and operates in different, interrelated and often mutually reinforcing ways. Mayoux and Johnson (2007) identified four dimensions of power. “Power within” refers to awareness of life choices, possibilities of change, and confidence in one's own abilities to bring about change. This is related to the idea of “voice” and “confidence” to express one's views in public. “Power to” refers to people's abilities to act on these aspirations and choices-having the necessary capacities, resources, and knowledge to realize choices and exert increased control over and /or to change their conditions of existence.

“Power with”, signifies a less individualistic form of “power within” and “power to”, stressing mutual support, alliance and joint action. Rowlands (1997) regards “power with” as enabling women to examine and articulate their collective interests, to organize to achieve them and to link with other women's and men's organizations for a change. “Power over” and “power within” imply that increasing the power of some people does not necessarily diminishes that of others, and therefore have attractive and positive connotation for development agencies (Rowlands 1995). The first three power dimensions are considered as non-zero sum models of power in which one person's gain is not necessarily another's loss. Whereas, the last “power over” is what Rowlands (1997) described as “zero-sum” power as: One's gain sounds like another's loss.

### **2.1.8. Types of Empowerment**

As the concept of empowerment per se, its type also be different and understood differently by different scholars in different contexts. But, I more emphasized on the three most common types of empowerment, which are used and cited in many academic literatures.

#### **2.1.8.1 Economic Empowerment**

Refers to women's access to saving and credit gives them a larger economic role in decision-making about both financial activities. Controls over credit and saving decisions allow them to optimize their own and household's welfare (Mayoux 2000). SIDA (2009:9) defines “women's economic empowerment as the process which increases women's real power over economic



decisions that influence their lives and priorities in society.” Desta (1999:33) observes as “the economic independency of women; access and control of productive resources; organizing to challenge gender based discrimination in terms of access to resources, information market, etc”. Economic empowerment puts women in a stronger position and gives them the power to participate, together with men, in the shaping of society, to influence development at all levels of society, and to make decisions that promotes their family and their own wellbeing (SIDA 2009).

#### **2.1.8.2 Social Empowerment**

Social Empowerment conceptualized as a process by which people reclaim their power, the power to shape their own lives and to influence the course of events around them. They use their power against oppression, peace, and human rights (Kraft, 2000). He further notes that this power is not “power over”, or domination, but the power to be and to do, “power with” others that can be used to change oppressive or disempowering circumstances.

#### **2.1.8.3. Political Empowerment**

As depicted by Befikadu (2011), political empowerment includes having the right vote, having knowledge of and the ability to be involved with the political system and being represented in local and national governments. Political empowerment creates female representation in the political system, while voting, lobbying and mobilizing empowers women to support policies and causes that they believe in.

#### **2.1.9. Microfinance and Women’s Economic Empowerment**

Mayoux (2002) revealed that microfinance programmes have significant potential for contributing to women’s economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing ‘virtuous spirals’ of empowerment. A majority of microfinance programs target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. Whereas, other believe that investing in women’s capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development (Sarumathi and Mohan, 2011).

Women can use savings and credit for economic activity, thus increasing incomes and assets and control over these incomes and assets. This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men (Skarlatos, 2004, Swain and Wallentin, 2008). Increased economic role may lead to change in gender roles and increased status within households and communities (Dessy and Ewoudou, 2006).

Mayoux (2001) revealed that empowerment is about change, choice, and power. It is a process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives. The structure of power has sources and ways exercised could directly affect the choices of women make in their lives. Hence, microfinance programs can have tremendous impact on the empowerment process if their products and services take these structures into account.

A study by Meron (2007) cited in Befikadu (2011) revealed that micro finance plays a significant role in the economic empowerment of women. To this end, the provision of micro finance to women has been called for by various international and national organizations in light of their productive role in economic development and women's rights (Mayoux 2002). In many developing countries micro finance programs are promoted as a strategy not only for poverty alleviation but also for women's empowerment. Access to micro finance was seen as vital to women's ability to earn an income and contributing to an increase in their status and autonomy (Mayoux 1995 cited in Tesfaye 2003). Mayoux (1995) discussed that micro finance programs help the poor women to establish their identity outside of their family and giving them experiences, strengthens their economic roles, and encourage them to contribute to family income.

Kabeer (1998) cited in Befikadu (2011) noted that studies conducted in Grameen Bank in 1995 show that micro finance has a positive impact on saving and capital accumulation and as a result the investment was for long time borrowers than for the newer one to the extent 260 % as compared to the non-members. Meehan (2001) study revealed that 60 clients (94 %) reported a significant increase income as a result of access to credit although the income of some of the clients has dropped after certain period of time. It was highlighted that access to micro finance has contributed to greater usage of basic household food, increase in assets, and

smoothing consumptions in the client's households.

Brehanu (1999) suggested that women empowerment, their self esteem, their self confidence, and status within the household are closely related with increase in their income and business ownership. Tesehay and Mengestu (2002) investigated on the impact of micro finance among the poor women's in Ethiopia. They argue that the micro finance interventions have brought positive impacts in the improvement of economic status and empowerment of micro finance programs beneficiaries. Similarly, a comparative study on ACSI and OMFI results revealed that access to credit is indeed enabled borrowers and their household to generate some cash income (Hirut 2006). She also stated that both ACSI and OMFI borrowers (women) had considerable labor contributions to the loan funded economic activities compared to their husbands.

### **2.1.10. Indicators of Women Empowerment through Microfinance**

According to Cheston and Kuhn (2002), indicators are not universal. Consequently, we cannot determine which indicators should be selected or how many indicators should be used to measure a given result. The response to these questions depend on the complexity of the results being measured, the level of response available for monitoring impact and the amount of information needed to make reasonably-informed decisions. Carolyn and Sebstad (2000) suggested various indicators to determine degrees of empowerment: psychological, informational, organizational, material, social, financial or human, for opportunity structure, the presence and operations of formal and informal institutions, including the laws, regulatory frameworks and norms governing behavior.

Lakwo, (2007) used participation in common local activities, changes in decision making position of women, self-esteem, and change in asset base of women as indicators of women empowerment in his study conducted in Uganda. The SEEP network (2000) suggested personal savings, average amount of personal savings in the program, increased self-esteem, increased confidence and more proactive behavior, increased control of resources on the part of women clients and increased decision-making in the business as indicators of women empowerment as a result of participation in microfinance program. Sebstad *et al.* (1995) mentioned women's control over resource, increased participation in household decision making and increased

community participation as indicators of women empowerment through microfinance. On the other hand, in a study conducted in Haiti, Malawi and Nigeria by the United Nations Capital Development Fund (UNCDF) self-esteem, decision making at household level, decision making at enterprise level and decision making on the use of program loans are used as indicators of empowerment (UNCDF, 2004). Hulme (1999) also suggested individuals control over resources, involvement in household and community decision making, levels of participation in community activities and social networks and electoral participation as indicators of empowerment.

According to Shantana (2003), ownership and control over resources, mobility, and participation in active labor force, bargaining power, self-esteem and participation in local election are indicators of women empowerment through microfinance. Malhotra (2002, as cited in Trandley, 2005) used domestic decision-making; finance and resource allocation; social and domestic matters; child related issues; access to or control over resources; and freedom of movement as indicators of women empowerment.

Birgit (2001) suggested ownership of property and assets, control over resource allocation, enhanced self-confidence and self-respect, increased mobility, leverage in decision making, increased bargaining power, women without negative consequences, increased community participation, knowledge and skill creation as indicators of empowerment for participants of microfinance programs. Women's ownership of income generating activities (IGA) is also suggested as a strong indicator of women empowerment through microfinance (Mayoux, 2000; Cheston and Kuhn, 2002).

According to Hulme (1999), all changes are influenced by mediating processes (specific characteristics of the agent and of the economic, physical, social and political environment) that influence both behavioral changes and the outcomes in ways that are difficult to predict.

By the same token, Birgit (2001) mentioned factors that influence the change process to be age, marital status, educational status/functional literacy, household size, dependency ratio, years of membership, degree of remoteness, amount of current loan, cumulative amount of loan received and market access. SEEP network (2000) also suggested age, marital status, years of formal education or functional literacy, household size, dependency ratio and degree of remoteness as independent factors affecting the change process.

### **2.3. Empirical Studies in relation to Micro Finance**

Women's ability to influence or make decisions that affect their lives and their future choice is considered as one of the principal components of empowerment by most scholars. It is much less clear, however, what types of decisions and what degree of influence should be classified as empowerment in different contexts. In spite of the difficulties, as cited by (Cheston and Kuhn, 2002) in a study conducted by the women's empowerment program in Nepal showed that an average of 89,000 out of 130,000 or 68% of women in its program experienced an increase in their decision-making roles in the areas of family planning, child marriage, buying and selling property, and sending their daughters to school, which all areas of decision making was traditionally dominated by men.

Using logistical regression analysis as well as in composite empowerment index, Hashemi, *et al.* (1996) found that women's access to credit contributed significantly to the magnitude of the economic contributions reported by women; the likelihood of an increase in asset holdings in their own names, increase in their exercise of purchasing power, improvement in political and legal awareness as well as in the composite empowerment index (Kabeer, 1999). Trandley (2005) used Binary Logit to study determinants of women school teachers' empowerment in Chennai city of India. On the other hand, (Shahnaj and Leonhauser, 2004) used multiple regression to study determinants of rural women empowerment in Bangladesh.

Kato and Kratzer (2013) study conducted in Tanzania through collecting quantitative and qualitative data the result shows that Women members of microfinance institutions (MFIs) are more empowered compared to non-members in non-program areas. In total 454 women (305 members of MFIs and 149 non-members) participated in the survey and 10 women in the depth interviews. The data were analyzed using Mann-Whitney U test. The results show a significant difference between the women members of MFIs and non-members in the dependent variables related to women empowerment. Women members of MFIs have more control over savings and income generated from the business, greater role in decision-making, greater self-efficacy and self-esteem, and greater freedom of mobility and increased activities outside home.

Daba (2003) and Yohannes (2006) investigated on the impact microfinance on poverty reduction of OCSSCO in Oromia regional state. The study results reveal that there are

improvements in economic status of the clients than the non-participants and improved the living standards of the participants" households in the study areas. Wolday (2003:42) concluded based on the study results that the microfinance industry in Ethiopia showed remarkable growth in terms of outreach. Wolday states that the "MFIs have been successful in addressing the financial needs of the rural poor". Good repayment rates, mobilization of significant amount of saving from the poor, and promotion of food security among the poor were reported by the study.

Abebe (2006) studied on the impact of microfinance on Women empowerment and poverty reduction in Ethiopia, with the case study of three SFPI. The results reveal that the SFPI programs have made positive impacts on the household income, asset ownership, housing conditions, expenditure, and diet conditions of the participants. Abebe concluded that the impacts are more pronounced in rural households than urban households.

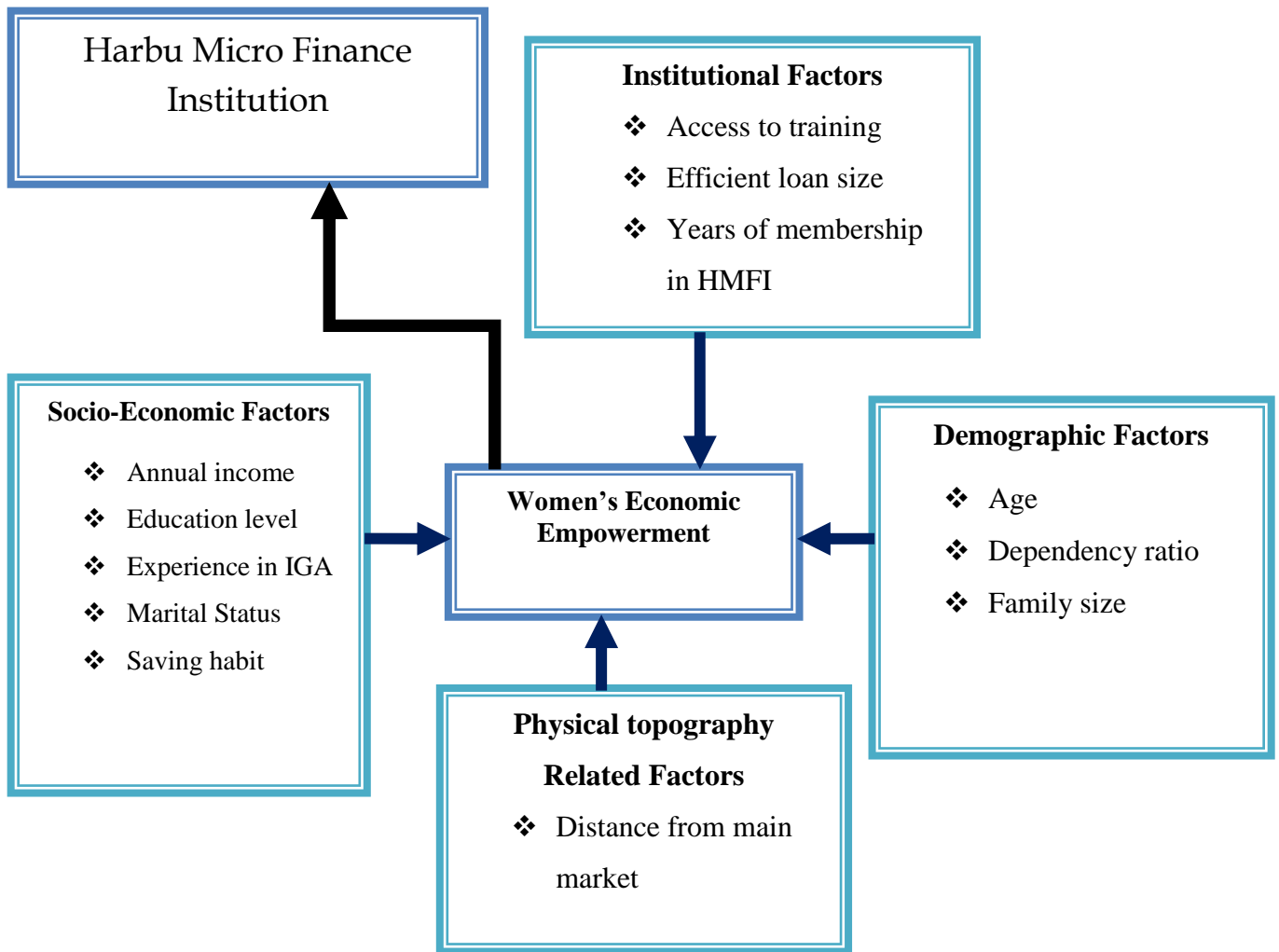
Derege (2008) conducted study on women economic empowerment through microfinance in CARE Ethiopia East Hararghe zone at Grawa woreda applying descriptive statistics and econometrics logistic regression model for data collected from 200 VSLA members and non-association members and result shows there was strong and positive association between women empowerment and VSLA microfinance. In the same source women participation in VSLA enhanced members' exposure to and participation in various extension services, better community participation, increased bargaining power within the household and community levels, improved decision making power compare to non-association members.

Moreover, as results of different studies conducted in different countries and different geographical locations by using different methodologies and types of analysis were concludes as there are strong and positive relationships between women's economic empowerment and the micro finance services. All studies result discussed above in empirical studies revealed that women participated in micro finance program more economically empowered when compared with not participated in micro finance.

## **2.4. Conceptual Framework for the Study**

The economic empowerment of women through microfinance can be influenced and determined by the services provided and also by different mediating factors such as their demographic characteristics, Personal and institutional and Socio-economic and cultural factors. The conceptual framework of the study, which consists of micro financial services and three key mediating factors with their expected outcomes are shown in figure 1. The dependent elements that includes framework model for this is women's economic empowerment.

The women's accessible to the services provided by micro finances such as access to credit, different saving products, insurances, business development training and local money transfer are improves and increases the level of women's economic empowerment. From those three mediating factors demographic factors like family size, age and dependency ratio can be influence the women's economic empowerment. Access to training, Years of membership in microfinance and efficient loan size are the important institutional factors. Annual income, saving habit, marital status, Experience in income generating activities, and Education level were the socio-economic factors that influenced the economic empowerment of women through micro financial services. Finally distance from main market is physical topography related factors which are included in this framework model.



**Figure 1: Conceptual Framework of the study**

[Source: Developed by Researcher, 2017]



# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **3.0 Introduction**

This chapter presents overview of the research methodology used in this study. This chapter discusses in details the description of the study area and overall research methodologies; research design and approach, target population, sample size determination, sampling techniques, method of data collection, pilot-testing, method of data analysis employed including a justification for the approach and methods.

### **3.1 Description of the study area**

#### **3.1.1. An overview of Jimma Zone**

The study was conducted in Oromia Regional State, Jimma Zone, Ethiopia. Jimma is found 355km far away from Addis Ababa and it is located between 7°13' - 8°56' Latitude North and 35°49' - 38°38' Longitude East. The total area of the Zone is 18,696km<sup>2</sup>. Jimma Zone borders with the Southern Nations Nationalities and peoples Regional State (SNNPRS) in the South and East, Ilu Aba Boora and East Wellega Zones of Oromia Regional State in the West and North respectively. The administrative map noted that Jimma Zone is subdivided in to 20 Districts and 513 Kebeles.

According to CSA (2007) national census, the total population of Jimma Zone is 2,486,155. From this 1,250,527 (50.3%) are female and the rest 1,235,628 (49.7%) is male. The population density is 133 persons per square km. The total agricultural household is 405,781 from this 383,367 are female and the rest 22,414 are male. The economically active population is estimated at 52%. More than 85 % of the population is Muslims, 14.2% is Christian religion and the rest 0.8% is other religion followers. There are three types of micro finance institutions namely Oromia credit and saving s.co, Harbu micro finance s.co and Eshet micro finance s.co are operating in this Zone.

### 3.2. Research Design and Approach

The major focus of the study was description of information related to impacts of micro finance institution on women's economic empowerment by collecting cross sectional data from the study area. The cross sectional data can help to provide relevant and appropriate information to examine the impacts of MFI on women's economic empowerment in the study area. So, the research design used for the study was descriptive research design to answer research questions. Moreover, ordered logit model was applied for independent or explanatory variables which show a significant effect on the women's economic empowerment. Consequently, the combinations of qualitative and quantitative research approach were employed in order to answer all the basic research questions.

### 3.3. Target Population

Since the focus of this study is to explore the impact of microfinance on the economic empowerment of women, the target population was encompasses the women clients who have been engaged in micro finance activities of HMFI in third and above loan cycle in selected branches. As of secondary data from zonal area office report shows at the end of December 2016, there were 3765 women borrowers in and above third loan cycle.

The following table clearly shows sample frame in each branches

**Table 3.1 : List of study population**

S/ N	Branch Name	Number of total clients			Total number of active women clients in third and above loan cycle	Total Loan disbursed(in birr)
		Female	Male	Total		
1	Jimma	1248	667	1915	968	17,531,500.00
2	Saka	1444	846	2290	1023	10,763,000.00
3	Yabu	2164	1223	3387	1774	25,879,000.00
<b>Total</b>		<b>4856</b>	<b>2736</b>	<b>7592</b>	<b>3765</b>	<b>54,173,500.00</b>

**Source:** Own design from Operation report of each branches as of December 31, 2016

### 3.4. Sampling Techniques

For the purpose of this study, to conduct the study in a representative way and to increase its reliability and validity a three stage (Multi stage) sampling procedure was employed in selecting study branches and the respondents. As depicted by Flick, 2002 Multi stage sampling enables researchers to be cost effective and more flexible so as to probe relevant information. In the first stage, three branches of HMFI were selected purposively out of the 6 branches operating in Jimma Zone based on the large number of women clients found in each branches, as well as based on their geographical proximity of the selected branches to each other rather than others. In the second stage women beneficiaries of microfinance credit services who were in their third and above loan cycle was selected purposively. This was done having the assumption that borrowers after third loan cycle had an economic impact on their lives. Finally on the third stage sample respondents were selected randomly. Sample size distribution in each branch was made based on population proportion to sample size.

### 3.5. Sample Size Determination

Hence, a sample which was representative of the population was considered for the study. Sampling, according to (Cooper and Schindler, 2001) involves selecting some of the elements in a population and drawing conclusions about the entire population. The compelling reasons behind the decision to sample includes the lower cost, greater accuracy of results and greater ease of data collection associated with sampling. Thus, data was collected from women beneficiaries of microfinance who were clients of HMFI selected branches in Jimma Zone.

This study applied a simplified formula provided by Yamane (Yamane, 1967 cited in: Hossaina, 2013) to determine the required sample size at 95% confidence level, and level of precision= 8% (0.08)

$$n = \frac{N}{1+N(e)^2} \dots\dots\dots (1)$$

Where:

n= Actual sample size;

N= Total number of active women borrower clients in third and above loan cycle in three branches

$e$  = Margin of errors at 8% (the desired level of precision,  $e= 0.08$ ) (Modified by researcher)

Therefore, the sample size that necessary for the above given combinations of precision, confidence levels and 3765 active women borrower clients in third and above loan cycle in the selected three branches of Jimma Zone HMFI, was computed as follows.

$$n = \frac{3765}{1+3765(0.08)^2} = 150 \text{ women borrower clients}$$

According to above formula this study was carried out on 150 respondents.

Table 3.2 : Selected branches sample size

S/N	Name of selected branch	Total number of active women clients in third and above loan cycle	Number of sample size Proportionally
1	Jimma	968	38
2	Saka	1023	41
3	Yabu	1774	71
Total		<b>N=3765</b>	<b>n=150</b>

**Source:** Own design from Operation report of each branches as of December 31, 2016

According to the above table population proportion to sample was used to determine sample respondents in each branch. Accordingly, 38 respondents were selected from Jimma branch and the remaining 41 and 71 respondents were selected from Saka and Yabu branches respectively, totally 150 women respondents were selected.

### 3.6. Types and Sources of Data

For this study primary data were used to address the objectives of the study. Both qualitative and quantitative data were generated from primary sources. The primary data were collected from women beneficiaries in HMFI and those who were in their third loan cycle and above were selected. This group was appropriate for the study since it was afford the researcher to assess the impact of microfinance to women's economic empowerment.

### **3.7. Methods of Data Collection**

To address the objectives of the study, survey questionnaires and FGD were used. To see real change they brought due to their access to loan; borrower's information was collected both before and after joining microfinance.

#### **3.7.1 Survey Questionnaire**

To address the objectives of the study, both open and close-ended questions were used. At each branches data collectors were recruited and training was given for two days regarding method and procedure of data collection. Those data collectors was at least diploma holder and loan officer of Harbu micro finance branch offices. To reduce non sampling error loan officer in one branch was assigned for other branch and interchange each other.

#### **3.7.2 Focus Group Discussion**

Gatrel and Elliot (2009:80) highlight that “a focus group is a collection of a small number of people (usually between 6 and 14) that meets to discuss a topic of mutual interest, with assistance from a facilitator or moderator”. Usually, the group's members are key informants who represent particular position or interest. In this study four focus group discussions i.e. one group discussants among borrower women in each branch office and one among loan officer were held. Researcher was mediating the discussions in raising key questions to be discussed and recording each ideas rose by discussants.

### **3.8. Pilot -Testing**

Pilot-testing was conducted to test the reliability and validity of the questionnaire. After designing the questionnaire, a pilot testing of this instrument was carried out on women borrower clients of the sample units. The pilot testing was conducted on 15 women borrower clients of HMFII from those three selected branches in the study area. The data obtained from pilot testing were not included in the actual analysis.

### 3.9. Methods of Data Analysis

In order to analyze, summarize and present the data collected from primary sources descriptive statistics, inferential statistics and econometric analysis were used.

#### 3.9.1. Descriptive statistics

To address the objectives of the study, quantitative data collected were analyzed through simple descriptive statistics such as, percentages, mean, standard deviation. Moreover, inferential statistics like Bivariate Correlation, one way ANOVA and Chi-Square test were employed to compare the economic empowerment of women borrower clients before and after their joining HMFI at least for three loan cycles with respect to some explanatory variables. Qualitative data was also be analyzed through narration and explanation of words. Moreover, SPSS (Version 20) was used as analytical tool.

#### 3.9.2. Econometric Analysis

In the econometrics literature, logit and probit models may be used to analyze the impacts of micro finance on women's economic empowerment (Verbeek, 2003). These models use a binary choice variable as the dependent variable. The use of a binary choice variable as the dependent variable may not judge the levels of women's economic empowerment. As Baidu, (1999) point out; there is possible loss of information if a binary variable is used as the dependent variable. The ordered Logit model was applied in determining women's economic empowerment since the empowerment indicator, i.e. the dependent variable (women's economic empowerment) is ordinal variable in nature.

#### Model Specification

Following Verbeek, (2003), the general ordered logit model can be specified as;

$$Y_i^* = \sum_{i=1}^i \beta' X_i + \varepsilon_i \text{ ----- (1)}$$

Where;

- $Y_i^*$  is the underlying unobserved (latent) variable that indexes the extent of women's economic empowerment,
- $X_i$  is a vector of explanatory variables describing borrowers, and institutional characteristics like age, educational level of the women borrower, saving habit of the

women borrower, family size, dependency ratio, marital status, and experience in income generation activity, and years of membership in Microfinance, efficient loan sizes, annual income and access to training.

- $\beta'$  are parameters to be estimated and
- $\mathcal{E}_{i is}$  the error term, assumed to follow standard normal distribution. The latent variable exhibits an ordinal scale, which will be observed and coded as discrete extent of women's economic empowerment (1=low, 2=moderate, 3=high), where  $1 < 2 < 3$ .

### 3.9.3. Description of Variables

**Dependent Variables:** dependent variable in this paper, women's economic empowerment, which was measured by empowerment index calculated from seven important indicators of women empowerment through micro finance. For the purpose of this study, the definition of women economic empowerment was operational as the expansion of economic activities and assets of women to participate in, influence, control and hold institution that affect their lives. Women's Economic Empowerment, the dependent variable, is measured using empowerment Index adapted from Derege (2008) as cited in Hossaina (2013). Based on the index score the sample respondents were classified into three equal empowerment categories as low, moderate and high. Thus, the dependent variable takes an ordinal nature.

The following were indicators of the dependent variable with their operational definition that adapted from similar research (Derege, 2008 as cited in Hossaina, 2013).

1. **Ownership of asset:** Refers to ownership of two categories of assets, i.e. cash asset or physical asset possessed by sample respondents. The asset comprises common household assets, such as, donkey, goats, ox, cow, grain, calves, and other items that could easily change to cash such as jeweler. These possessions were measured in terms of monetary value taking the current market value in Birr. Then based on the outcome the level of the respondent's asset ownership status were categorized as low(1), moderate(2) and high(3) by the time of interview.
2. **Participation in household decision-making:** Refers to the decision making power in the household, decisions on microenterprises, decisions on loan taking, and investing,

decision on child education, decision on reproductive health like number of children and when to have children, decision on big purchases, decision on saving, etc. The outcome were categorized as low (1) for never and sometimes participation in decision making, moderate (2) for most times participation in decision making by wife and high (3) for Always participation of wife in decision making process.

3. **Control over resources:** refers to the sampled respondents' power to use or get benefits from different important resources considering the local situation with the 'power to' that is a generative or productive power, which creatively allows actors to exercise their agency for the realization of their goals and with the ability to achieve them. The outcomes were given Low if resources are controlled by Husband only, moderate if Equal control and High if Wife only.
4. **Bargaining power:** refers to women's ability to convince her husband within the household and others community members being participating in communal and social participation. The expected outcomes were categorized as Low (1) for sometimes, moderate (2) for most times and high (3) for Always. Married women may have bargaining power exercised both at the household and community level, in such instance the total scores divided in to two to get the average score for the index. But if the woman is single, only her ability to convince others was considered.
5. **Access to income generating activities:** refers to women's clients' access to on-farm, off farm and/or non-farm income generating activities and its benefit(s) by the sampled respondent. Hence, scale values of 3, 2 and 1 were assigned if the woman has high, moderate and Low category of access to income generating activity respectively by the time of interview.
6. **Social participation:** refers to sampled women participation and involvement in different local common activities in varies position in like as member, committee and Leader. The score ranges between 1 and 3 which were assigned a value 1 for member, 2 for committee and 3 for leader. Then computed using a three point scales, which is 1 for low, 2 for moderate and 3 for high categories, which adapted from previous studies, (Derege, 2008 as cited in Hossaina, 2013).
7. **Mobility:** refers to the sampled women's freedom of movement to run income generating activities and/or to participate in selected local common activities. Then it



was measured giving values 1 for 'low', 2 for 'moderate' and 3 for 'high' level of mobility at the time of interview.

Finally, the above empowerment indicators were consolidated into empowerment index. Using this index sample household was categorized in to three categories: low (1-7), moderate (8-14) and high (15-21).

**Independent Variables:** The explanatory variables selected for this study and which are expected to have influence on women's economic empowerment is hypothesized as:

- 1. Age (AGE):** It is a continuous variable and used to measure age using completed years of life. Age can generate or erode confidence. With age as a woman get older assumed more or less risk averse to invest productive activities. It was hypothesized that women with young age are more likely to engage in income generating activities that enhance asset ownership and access to information, which ultimately leads to better economic empowerments (Kishore *et al.*, 2004 as cited in Hossaina 2013).
- 2. Educational level of the women borrower (EDULWOBO):** This is a continuous variable measured by level of educational attainment. It was assumed that as the borrower gets educated, she could acquire more knowledge so that her efficiency in allocation of resources increases and so does the proper utilization of the loan. A more educated borrower is expected to use the loan effectively as compared to a less educated one (Amare and Bekabil, 2008 cited in Martha 2015). If a woman is relatively better educated, she can have relatively better motivation to do income generating activities. Hence, the probability for productive loan needs which helps to accumulate assets and savings will be maximized. Therefore, this continuous variable was expected to have positive impact on women's economic empowerment.
- 3. Saving habit (SAVHAB):** This is dummy variable in the model. Zeller (1996) stated that the presence of voluntary saving service in the Micro finance institute improve and increases the status of women's economic empowerment. It was expect that this dummy variable to have positive impact on women's economic empowerment.
- 4. Family Size (FAMSZ):** This is a continuous variable measured by numbers and it refers to the total number of household members in a given family. Family size is means the total number of family members of the household. The more the family size

the household will be endowed with the larger labor contribution to household members and the lesser the work burden on women, which enables her to engage in productive economic activities (SEEP network, 2000; Birgit, 2001). Therefore, family size was hypothesized to have positive relationship with women economic empowerment.

5. **Dependency ratio (DEPRAT):** this is discrete variable that refers to the number of children under age 18 and old age members above 65 years of age as a ratio of total family size. The larger the dependency ratio in the household, the lesser the possibility for women to engage in income generating activities (Birgit, 2001). In rural community like the research area, caring for children and older age people are left as a responsibility of women. Hence, it was hypothesized to have negative relationship with women's economic empowerment.
6. **Marital status (MARTSTAT):** it is a dummy variable. It is in marriage where adulthood is recognized and the power to take responsibilities over one's life is well acknowledged. Yet, it is in the same marriage where men take the dominant positions to the subordination of women's lives (Lakwo, 2007). Therefore, it was hypothesized that married women are more likely to be less empowered than unmarried, widowed or divorced ones.
7. **Experience in income generation Activity (EXPIGA):** it is a dummy variable. Income generating activities encompass a wide range of areas, such as small business promotion, cooperatives, job creation schemes, sewing circles and credit and saving groups (Albee, 1994). The more the woman's experience in running income generating activities, the better will be her ownership of assets and/or contribution for household expenditures. There is a significant and positive relationship between years of experience in income generating activity and women's economic empowerment. Thus the positive sign was expected.
8. **Years of membership in Microfinance (YERMEMIFI):** It is a continuous variable measured in the number of years of membership of the women in the microfinance institution by the time of interview. Rural credit and saving institutions are found to have empowering impact on women economic empowerment (Schuler *et al.*, 1997; 47). Therefore, it is hypothesize that level of empowerment increases with years of

membership in microfinance institution. Therefore, Years of membership in Microfinance institution was hypothesized to have positive relationship with women's economic empowerment.

**9. Efficient loan sizes (EFILOASI):** It is the dummy variable. Pischke (1991) noted that sufficient loan sizes fit borrowers' capacity to engage in income generating activity as they intended. If the amount of loan released is enough for the purposes intended, it will have a positive impact on the women borrowers economic empowerment. On the other hand, in case of over and under finance, the expected sign is negative. If the loan is too small and exceeds what the women borrower needs and can handle it may also encourage borrower to divert the loan to other purposes and personal usage (Vigano, 1993). Thus an efficient loan size was hypothesized to have positive influence on women's economic empowerment.

**10. Distance from the main market (DISTANTMKT):** It is Continuous variable and measured in kilometers. The closer they are to the main nearest market, the more likely to receive valuable market information (Abadi, 1999; Roy, 1999; as cited in Martha, 2015). Hence, the better will be the probability to involve in income generating activities which leads to better bargaining power, better contribution for household expenditure and/or better ownership of assets by women.

Thus, distance from main market center was hypothesized to have negative influence on women's economic empowerment.

**11. Annual Income (ANINCOME):** It is the continuous variable which is measured in terms of amount in Birr. Revenue from the Business defined as the total income generated from the enterprise activities measured in Birr during a particular year. As annual business revenue increased greater chance for empowering women economically (World Bank, 2002). Therefore, the coefficient of this continuous variable was expected to appear with positive sign.

**12. Access to Training (ACCTRAIN):** This is dummy variable in the model. This refers to any extension services provided by government and non-government organizations in the area. Access to information is one of the basic elements of empowerment (World

Bank, 2002). Hence, access to training was hypothesized to positive influence on women's economic empowerment.

The dependent variable women's economic empowerment is classified to categories of low, moderate and high dividing the empowerment score range into three equal parts that makes it ordinal nature. The independent variables included in the model are a combination of continuous and categorical variables. The variables code and expected sign of influence summarized here below.

Table 3.3: Definition of Variables and Hypothesized Effects

Variable code	Variable Types	Definition of Variables	Effect
AGE	Continuous	Respondent's age	+
EDULWOBO	Continuous	Education level attained by Respondents	+
SAVHAB	Dummy	Respondent's saving habit	+
FAMSZ	Continuous	Total number of household members	+
DEPRAT	Discrete	Number of family <18 and > 65 years old	-
MARTSTAT	Dummy	Marital status of the respondent	-
EXPIGA	Dummy	Respondent's experience in IGAs	+
YERMEMIFI	Continuous	Respondent's Years of membership in MFI	+
EFILOASI	Dummy	Respondent's loan size	+
DISTANTMKT	Continuous	Distance of respondent's residence from market	-
ANINCOME	Continuous	Annual income of respondents	+
ACCTRAIN	Dummy	Respondents accessibility to training	+

### 3.10. Ethical Considerations

The researcher was make every effort to avoid unnecessary biases and ensures the objective analysis and interpretation of the collected data. Therefore, the researcher was give due respect to the rights, needs, values and desires of the respondents in the course of conducting this study (as it articulated by Moges, 2006). Moreover, the researcher was assuring that the information

obtained from the respondents was used for academic purpose only. Finally, anonymity and confidentiality of the respondents were respected.

# **CHAPTER FOUR**

## **RESULT AND DISCUSSION**

### **4.0. Introduction**

This chapter presents the results and discussion obtained from the simple descriptive statistics, inferential statistics and econometric analysis. Data obtained through survey questionnaire and focus group discussion were used for analytical purpose. The results were summarized and presented in four major parts. The first part deals with the general characteristics of the sampled respondents. The second section presents economic empowerment indicators of sampled respondents. The third part presents the Status of Women Economic Empowerment through HMFI in the study area. The fourth section discusses the determinants of women economic empowerment through HMFI and the last section presents the role of HMFI in improving women's income.

### **4.1 General Characteristics of Sampled Respondents**

To address objectives of the study responses of 150 sample respondents, selected from three branches of HMFI operated in Jimma Zone and interviewed by recruited enumerators are used for analytical purpose. Some demographic and socio- economic characteristics of sample respondents like branch name, Age, marital status , religion, family size and Years of schooling of sample respondents are discussed under this section.

Table 4.1: General Characteristics of Sample Respondents (for categorical Variables)

Particulars		Frequency	Percentage
Branch's name	Jimma	38	25.3
	Yabu	71	47.3
	Saka	41	27.3
Marital Status	Single	43	28.7
	Married	75	50.0
	Widow	16	10.7
	Divorced	16	10.7
Religion	Muslim	77	51.3
	Orthodox	41	27.3
	Protestant	29	19.3
	Catholic	3	2.0

Source: Field Survey, 2017

As the above table indicates among the total number of sampled respondents 25.3 % ( n= 38) are from Harbu Jimma branch. The rest 47.3 % ( n= 71) and 27.3 % ( n=41) are surveyed from Yabu and Saka branches respectively. These result shows the largest number of sampled respondents were from Yabu branch. As surveyed result shows that about 28.7% (n=43) and 50.0% (n=75) of sampled respondents are single and married respectively. The remaining 10.7% (n=16) and 10.7% (n=16) of sample respondents are Widow and divorced respectively (See Table 4.2). More than half of sampled respondents are the follower of Muslim religion 51.3% (n=77) and about 27.3% (n=41) of sample respondents are Orthodox. And the other 19.3% (n=29) and 2.0% (n=3) of sampled respondents are followers of Protestant and Catholic religion respectively.

Table 4.2: General Characteristics of Sample Respondents (Continuous Variables)

Particulars	Minimum	Maximum	Mean	Std. Deviation
Age	22	60	36.09	8.416
Family size	1	9	4.33	2.019
Years of schooling	0	16	5.77	5.491

**Source: Field Survey, 2017.**

As depicted in table 4.2, mean age of sample respondents are 36.09. This was followed by minimum and maximum value of 22 and 60 years respectively. These shows as majority of sampled respondents are at productive age group. Meanwhile, average family size of sample respondents are 4.33 having the standard deviation of 2.019. This value is by far greater than national average which is 4.2 people (CSA, 2008). Mean value of year of schooling for sample respondents are 5.77 having minimum and maximum of 0 and 16 respectively. This show as majority of women borrowers are low in education level.

## 4.2. Economic Empowerment Indicators of Sampled Respondents

### 4.2.1. Impact on Personal Saving Account

Table 4.3: Distribution of personal saving account of respondents

Alternatives	Personal saving account			
	Before Credit		After Credit	
	Frequency	Percentage	Frequency	Percentage
Yes	40	26.7	142	94.7
No	110	73.3	8	5.3
Total	150	100	150	100

**Source: Field Survey, 2017.**

As depicted in Table 4.3, 73.3% (n=110) of sample respondents had no personal saving account before joining HMFI for credit i.e. only 26.7% (n=40) of clients had personal saving accounts before joining HMFI. In contrast, the numbers of women who owned their personal



saving account have shown an increase nearly by four times after credit program (increased from 26.7% to 94.7%). The main explanation is their involvement in HMFI, this later, has helped women to get self-employment opportunities to be engaged in diverse income sources as well as contributed them to have personal saving account out of their businesses. Women saving might be used for various purposes yet it was one of the positive economic impacts of participation in the micro finance programs.

Similar with this finding, Kabeer (1998) studies conducted in Grameen Bank in 1995 showed that microfinance has a positive impact on improving of saving status and capital accumulation of borrowers.

#### **4.2.2. Asset Ownership Status of respondents**

Survey result depicted that 75.3% (n=113) of sampled respondents fall under the low category of asset ownership before they have joined HMFI to get the financial service in the study area. More over the remaining 20% (n=30) and 4.7% (n=7) of respondents have moderate and high asset ownership statuses respectively before joining HMFI (See table 4.4). Contrary to these as the surveyed result shows that 45.3% (n=68) of sampled respondents at high category of asset ownership after they joined HMFI. Whereas 40.7 % (n=61) and 14% (n=21) of sampled respondents at the moderate and low level of asset ownership in the study area (See table 4.4). As this result shows by comparing the asset ownership of the respondents through before and after analysis, the credit service provided by HMFI have impact on increasing the overall household asset in the study area. This clearly shows that the asset ownership of women borrowers have increased after they access the credit services from HMFI in the study area. Similar with this finding various studies provide empirical evidences of impacts of micro finance services on increasing the asset ownership of women borrowers at household level. As an example, the study conducted in ACSI at Amhara region Kobo woreda by Hayimanot (2007), concludes that the participation of women in the ACSI program substantially contributes to an improvement in their asset possession compared with the time before they joining the institution for loan. In addition to the loan fund, income from business activities financed by the loan has helped the women clients to purchase certain assets (Hayimanot, 2007).

**Table 4.4: Economic Empowerment Indicators of Sampled Respondents**

Economic empowerment Indicators	Before Joining HMFI						After Joining HMFI					
	Low		Moderate		High		Low		Moderate		High	
	Freq.	%	Freq.	%	Freq	%	Freq	%	Freq	%	Freq	%
Asset Ownership	113	75.3	30	20.0	7	4.7	21	14	61	40.7	68	45.3
Decision Making	94	62.7	39	26.0	17	11.3	8	5.3	63	42.0	79	52.7
Control Over Asset	95	63.3	36	24.0	19	12.7	9	6.0	59	39.3	82	54.7
Bargaining Power	112	74.7	32	21.3	6	4.0	9	6.0	54	36.0	87	58.0
Access to IGAs	109	72.7	37	24.7	4	2.7	17	11.3	68	45.3	65	43.3
Social Participation	117	78.0	28	18.7	5	3.3	17	11.3	75	50.0	58	38.7
Mobility	91	60.7	35	23.3	24	16.0	12	8.0	59	39.3	79	52.7

**Source: Field Survey, 2017.**

#### **4.2.3. Participation in Household Decision Making of Respondents**

Women borrowers were asked the impacts of HMFI in changing the level of decision making power of women in household. Accordingly out of the surveyed women 62.7 % (n=119) of sampled respondents reported as there were in low (husband only) participation of household decision making before they joined HMFI (See table 4.4). In contrast, the same data reveals that after joining HMFI majority (52.7 %) of women made decision equally with their husband, followed by only wife making decision (42%) of sampled respondents. But, only 5.3% of sampled respondents in low level of decision making participation after they joined HMFI (See table 4.4). Several studies in the literature argue that access to credit empowerment of women can be materialized by increasing their autonomy and decision making ability within household (Schuler and Hashemi 1997, Cheston and Kuhn 2002 & Mayoux 2005). Other scholars contended as majority of women beneficiaries of micro finance make their own independent decisions on the utilization of the money generated from their businesses, as well as matters that affect their businesses (IFAD, 2001).

#### **4.2.4. Respondent's Control over asset**

The survey results show that 63.3% (n=95) of sampled respondents have low degree of control over recourses means fully controlled by the husband before joining HMFI, the remaining 24% (n=36) and 12.7% (n=19) of respondents have moderate (have equal control with their

husband) and low (wife only control) level respectively before joining HMFI for loan purpose (See table 4.4). Contrary to this result, the statuses of controlling over resources of women respondents have increased after joining the institution as impacts of credit services. Accordingly the surveyed results show that 54.7 % (n=82) of sampled respondents responded as they have equal control with their husband on their resources since they have joined HMFI. Moreover, the remaining 6% (n=9) responded as their asset controlled by their husband and 39.3 % (n=59) of respondents responded as have full control on their asset (See table 4.4). Empirical evidences also contended as women who have better control on productive assets, such as small business, livestock, and other assets created with own income generating activities give the impetus for self-confidence and also enhance decision making power on the household matters (Birgit, 2001 & Lakwo, 2007).

#### **4.2.5. Mobility of Respondents**

As depicted in table 4.4, almost all respondents having responded the increase in mobility from low to high levels since they joined HMFI in the study area. Among the respondents 60.7% (n=91) of respondents have respond as they have low level of freedom of mobility before joining HMFI, and the remaining 23.3%(n=35) and 16% (n=24) of sampled respondents mobility were moderate and high respectively before they joined HMFI. Contrary to this after joining HMFI 52.7% (n=79) of respondents have high level mobility in the study area. Moreover, the remaining 39.3% (n=59) and 8% (n=12) of sampled respondents have moderate and low level of freedom of mobility respectively since they have joined HMFI (see table 4.4). The existing literature also support the aforementioned analysis and witnessed as women`s engagement in microfinance would increase their freedom of mobility (Mayoux 2005).

#### **4.2.6. Social Participation of Respondents**

As indicated in table 4.4, about 117 (78%) sampled respondents witnessed as their social participation were at low level before joining HMFI. This was followed by 28 (18.17%) and 5 (3.3%) respondents for moderate and high level participation in social affairs. In contrary to this after joining HMFI, about 58 (38.7%) respondents confirmed as their social participation were at high level. This clearly indicates the importance of micro financial services in enhancing member`s social capital and hence women`s economic empowerment. As noted in FGDs group collateral was HMFIs strategy and in doing so members share experience and

easily share each other's burden. And also the findings of FGD compliment the aforementioned analysis by reporting as they are economically empowered their acceptance in the community and participation in social affairs also increased.

#### **4.2.7. Access to IGAs of Respondents**

Women's access to IGA was another indicators of economic empowerment and survey result indicated as about 109 (72.7%) of sampled respondents have low access to IGAs before joining HMFIs (See Table 4.4). This was followed by 37 (24.7%) and 4(2.7%) for moderate and high level access to IGAs. This indicates as majority of respondents have low access to IGA before joining HMFIs. Paradoxically, after joining HMFIs Women's access to IGA dramatically increased and about 65 (43.3%) of them have high level access to IGAs. This was followed by 68 (45.3%) for moderate level. Accordingly this clearly depicts the golden share of HMFIs in easily the way women borrowers' access to IGAs and hence economically empowered.

#### **4.2.8. Bargaining Power of Respondents**

Bargaining power is women's ability to convince her husband within the household and others community members being participating in communal and social participation. The survey result indicated as majority (74.7%) of women's` bargaining power before joining HMFIs was low (see table 4.4). In contrary to this after joining HMFIs they witnessed as about 87(58%) have high level bargaining power. This indicated the importance of HMFIs in enhancing women's bargaining power and hence economic empowerment.

### **4.3. Status of Women Economic Empowerment through HMFIs in the Study Area**

The economic empowerment status of sample respondents was assessed and calculated by using the collected data through questionnaires and finally summarized as one variable by using seven economic empowerment indicators, such as women's ownership of asset (cash plus physical asset), control over resources, participation in household decision making process, access to income generating activities, social or community participation, mobility, and bargaining power to convince her husband and others in any social and economic affairs. These indicators score which comes from respondents through questionnaire were summated in to separate excel sheet and the index use to analyze the economic empowerment status of the sample respondents. Total results of index ranges are summarized in table 4.5 and 4.6. Those

indicators have relevance to microfinance activities and adapted to the study context from similar research (Derege, 2008 as cited in Hossaina, 2013).

The assumption behind the indicators and the individual scores and values given for the indicators were discussed and summarized in the preceding section of **3.9.3**. The sample respondents' economic empowerment status analyzed with individual scores against the seven indicators and based on the index score the sample respondents were classified into three equal economic empowerment categories as low, moderate and high. The three economic empowerment categories are developed through classifying the index that ranges between the minimum 1 and maximum 21 into three equal parts.

The actual index ranges between minimum of 1 and maximum of 21 points. Based on that the three economic empowerment categories leveled from (1-7) low category, (8-14) moderate category, and (15-21) values and scores were fall under high category of economic empowerment. Then the total scores and values of each sampled respondents were analyzed in line with the categories fall under and the level of each economic empowerment group measured against the three levels of likert item, 1for Low category (1-7), 2 for Moderate category (8-14) and 3 for High category ranges between (15-21) economic empowerment categories. Based on this the status of economic empowerment of sampled respondents' discussed below by comparing their improvement level before and after their joining HMFI.

#### **4.3.1. Status of Women Economic Empowerment before joining HMFI**

Table 4.5: Economic Empowerment categories of sampled respondents before joining HMFI

Economic Empowerment category	Freq	%	Economic Empowerment Score range	Mean	SD	F
Low	86	57.3	1-7	6.9	0.23	
Moderate	54	36.0	8-14	12.28	1.66	<b>659.396</b>
High	10	6.7	15-21	18	2.05	
Total	150	100.0	1-21	9.6	3.56	<b>P= 0.000</b>

Source: Field Survey, 2017.

As surveyed result shows in table 4.5, 57.3% (n=86) of sampled respondents were have low category of economic empowerment before joining HMFI. Moreover, the remaining 36.0% (n=54) and 6.7% (n=10) of sampled respondents have moderate and high category of economic empowerment respectively. These results shows that more than half (57.3%) of sampled respondents were have the low category of economic empowerment before joining HMFI for accessing financial service in the study area. So this result shows that as there are positive relationships between micro finance services and women’s economic empowerment, dependent variable.

#### 4.3.2. Status of Women Economic Empowerment after joining HMFI

Table 4.6: Economic Empowerment categories of sampled respondents after joining HMFI

Economic Empowerment category	Freq	%	Economic Empowerment Score range	Mean	SD	F
<b>Low</b>	7	4.7	1-7	7	0	
<b>Moderate</b>	52	34.7	8-14	13.6	0.82	<b>527.6</b>
<b>High</b>	91	60.7	15-21	19.26	1.53	
<b>Total</b>	150	100.0	1-21	16.7	3.66	<b>P= 0.000</b>

Source: Field Survey, 2017.

As depicted in table 4.6, from the total 150 respondents 4.7% (n=7) have the low category of economic empowerment after joining HMFI. Moreover, as the surveyed result shows that the remaining 34.7% (n=52) and 60.7% (n=91) of sampled respondents were fall under the moderate and high category of women’s economic empowerment respectively in the study area.

Table 4.7: Economic empowerment status of respondents before and after joining HMFI

Empowerment Category	Before		After		$\chi^2$
	Frequency	Percentage	Frequency	Percentage	
Low	86	57.3	7	4.7	
Moderate	54	36.0	52	34.7	51.56***
High	10	6.7	91	60.7	
Total	150	100.0	150	100.0	<b>P=0.000</b>

\*\*\*Significant at 1%  
Source: Field Survey, 2017

As these result shows that more than half (60.7%) of sampled respondents have the high category of economic empowerment after they joining HMFIs in the study area, but before joining HMFIs less than 10% (6.7%) of the sampled respondents have the high category of economic empowerment in the study area (Table 4.7). This implies that micro finance play a vital and significant role in improving economic empowerment status of the women beneficiaries.

This finding comply with the assertion of Zelalem (2007) argues that the micro finance interventions have brought positive impacts in the improvement of economic status and overall empowerment on micro finance programs beneficiaries. Similarly, a comparative study on ACSI and OMFI results revealed that access to credit is indeed enabled women borrowers and their household to improve their level of economic empowerment through generating some cash income (Hirut 2006).

The field survey tells that 57.3% (n=86) of respondents were in low category of economic empowerment before joining HMFIs for credit program, amazingly after joining HMFIs for credit program the % of sampled respondents in the low category has decreased to 4.7% (n=7) in the study area. Quite reversely after joining HMFIs the % of sampled respondents in high category of economic empowerment has increased from 6.7% (n=10) to 60.7% (n=91) in the study area (Table 4.7).

The Chi square results show the existence of significant association between micro finance and women's economic empowerment at 1% significance level ( $\chi^2 = 51.56, P=0.000$ ).

#### **4.4. Determinants of Women Economic Empowerment in the Study Area**

##### **4.4.0 Introduction**

This section presents analysis of determinants for women's economic empowerment in the study area. Both descriptive and inferential statistics discusses demographic, socio-economic, institutional and physical topography factors significantly associated with economic empowerment in the study area. Finally, after multi co-linearity problem among each independent variable checked the significant determinants used for further ordered logit analysis were presented.

#### **4.4.1. Descriptive and Inferential Analysis of Determinants of Women Economic Empowerment in the Study Area**

This sub section deals with identifying the determinants of women empowerment through HMFI in the study area. In relation to this totally 12 explanatory variables were hypothesized to have influence on the dependent variables; Women economic empowerment.

##### **4.4.1.1. Age of Sampled Respondents**

As depicted in table 4.8, mean age of low level empowered women were 28.7 having standard deviation of 5.3. Meanwhile those of moderate level empowered women were 37 having the standard deviation of 9.5. This shows as age increase women's experience and capacity to use resource would also increase. Qualitative data collected through focus group discussion also compliment the above analysis and they confirmed as age has its own implication in women's economic empowerment. One way analysis of variance (One way ANOVA,  $F=3.12$ ;  $P<0.1$ ) also indicated as there is significant mean age difference among different levels of economic empowerment at 10% significance level. Further post HOC analysis also revealed significance mean age difference among different levels of women economic empowerment in the study area (see appendix table 1).

##### **4.4.1.2. Respondents Years of Schooling**

The mean year of schooling is measured in number of years a woman attend formal school. It was hypothesized as more women attend formal education, they better get capacity to seek information, improve analytical ability, and better aware on microfinance products that enhance to make decision to take more loans and engage in productive business. Accordingly survey result indicates as mean year of schooling of low level economic empowerment is 4.3 followed by the standard deviation of 5.3. Whereas, those of moderate and high level empowered women have mean year of schooling of 5.1 and 6.3 respectively (Table 4.8). This clearly shows the importance of education in increasing women's access to different information and hence utilize accordingly. In contrary to this one way analysis of variance (One way ANOVA,  $F=1.225$ ;  $P>0.05$ ) indicated as there is no significant mean year of schooling difference among different levels of economic empowerment in the study area.



#### **4.4.1.3. Family Size**

Family size means the total number of family members in the household or number of household members. The more the working age family size the household will be endowed with the larger labor force contribution by household members, which enables the women to share routine tasks for family members and spare sometime to engage in productive economic activities (SEEP network, 2000; Birgit, 2001, cited in Hosanna, 2013). Therefore, family size is hypothesized to have positive relationship with women empowerment.

Survey result indicates that average family sizes of sampled respondents are 4.33. Low, moderate and high level economic empowerment has average family size of 3.6, 4.6 and 4.2 respectively (see table 4.8). Even though there is consistent increment of family size between low level empowerment and high level empowerment, low level empowered women have fewer family sizes than moderate and higher level empowered women. In contrary to this one way analysis of variance (One way ANOVA,  $F=1.032$ ;  $P>0.05$ ) indicated as there is no significant average family size difference among different levels of economic empowerment in the study area.

#### **4.4.1.4. Dependency Ratio**

Dependency ratio is the number of dependents (children below the age of 18 and adults above 65 years old) against the total number of family members. It was hypothesized that the more number of dependency ratio in the household mean the women will bear more work burdens and spend considerable time to look after the dependents on the top of other domestic chores. Thus, high dependency ratio was hypothesized to have negative association with women economic empowerment.

The survey result indicated that dependency ratio for low, moderate and high levels of empowered women were 0.37, 0.32 and 0.23 respectively. This shows as dependency ratio is consistent with levels of women`s economic empowerment. As the result reveals the women with more dependency ratio have low economic empowerment where as those with less dependency ratio have high economic empowerment. One way ANOVA ( $F=3.403$ ;  $P<0.05$ ) test also shows as there is significant mean dependency ratio difference among different levels of women`s economic empowerment at 5% significance level.

Table 4.8: Descriptive statistics for Continuous Variables (One Way ANOVA)

Variables	Level of women's economic empowerment				F-value
	Low	Moderate	High	Total	
	Mean(SD)	Mean(SD)	Mean(SD)	Mean(SD)	
Age	28.7(5.3)	37(9.5)	36.1(7.7)	36.1(8.4)	<b>3.12**</b>
Year of Schooling	4.3(5.3)	5.1(5)	6.3(5.7)	6.3(5.7)	<b>1.225</b>
Family Size	3.6(1.6)	4.6(2)	4.2(2)	4.33 (2)	<b>1.032</b>
Dependency Ratio	0.37(0.21)	0.32(0.2)	0.23(0.24)	0.29(0.23)	<b>3.403**</b>
Years of Membership in MFI	4.14(0.69)	5.27(1.3)	5.7(1.89)	5.48(1.7)	<b>3.45**</b>
Market Distance (Km)	12.3(4.4)	14.8(5.8)	10.4(6.3)	12(6.4)	<b>8.535***</b>
Annual Income	18714(4820)	26694(10400)	52247(29313)	41824(26987)	<b>22.609***</b>

**Key: \*\*\*1% significance level, \*\* 5% significance level**

**Source: Field Survey, 2017**

#### **4.4.1.5. Years of Membership in MFI**

Another explanatory variable is years of membership in MFI. It's women's years of membership in micro finance institution. Further, continuous supervision works and on job trainings offered for members for additional years depending on the years they stay with the institution. Thus, the longer year of membership in micro finance institution assumed to improve members' ability to run income generation activities as they work longer the better to gain knowledge in financial management and expansion of businesses to different levels as a result they become empowered economically. Therefore, Years of membership in Microfinance institution was hypothesized to have positive relationship with women's economic empowerment.

As indicated in table 4.8, low level empowered women have mean years of membership of 4.14 years in MFI. Those empowered at high level have 5.7 years mean years of membership. This clearly shows as women's years of membership in MFI increases they can easily diversify their livelihood sources and hence economically empowered. One way analysis of

ANOVA(**F=3.4; P<0.05**) also confirmed as there exist significant mean difference among economic empowerment level at 5% significance level.

#### **4.4.1.6. Market Distance**

Market distance is the distance between the respondent's home and main market center in the area. The distance was measured in kilometer and assumed those respondents closer to the market center will get better opportunity to buy and sell marketable commodities in relatively shorter time. Thus, proximity of the respondent to main market centre was hypothesized to have positive influence on women economic empowerment.

Accordingly surveyed data indicate that mean market distance for low level empowered women were 12.3 KM having the standard deviation of 4.4. Meanwhile, those who are high level empowered have mean market distance of 10.4 km having standard deviation of 6.3. This implies as women's distance from market can easily affect women's economic empowerment. As noted in FGD this is mainly due to women who live far away from the main market centre expected to travel longer distances, which compete their time to participate in common/social activities and run income generation activities effectively. One way ANOVA (**F=8.535; P<0.01**) analysis also confirmed as there is significant mean market distance difference among economic empowerment levels at 1% significance level.

#### **4.4.1.7. Annual Income**

Annual income is total earning of respondents in a particular year. As depicted in table 4.8, mean annual income of sampled respondents who are low level empowered is 18714 birr. While those of moderate and high level is 26694 and 52247 birr respectively. One way ANOVA (**F=22.609; P<0.01**) analysis of variance also contended as there is strong mean difference among different levels of women's economic empowerment at 1% significance level. This clearly shows as women's annual income increases their economic empowerment also increases.

This finding agree with Kabeer (1998) as cited in Befikadu, (2011), studies conducted in Gramen Bank in 1995 showed that microfinance has a positive impact on saving and capital accumulation.

Focus group discussion, compliment aforementioned analysis and women's in the study area reported as there are positive and significant relationships between women's economic empowerment and the services of micro finance.

#### **4.4.1.8. Saving Habit**

As indicated in table 4.9, out of those who have saving habit, about 2.6% of them are low level empowered. Meanwhile, about 73.7% of them were empowered at high level. This shows as the women's exposure to saving increase they can save more when they get credit access and starts to make money. When we see those who don't have saving habit about 38.8% and 56.2% of them are moderate and high level empowerment respectively. Regardless of their prior experience both in more than half of them are high level empowered. Chi square test also shows as there is no significant association between women's saving habit and economic empowerment ( $\chi^2=3.64$ ;  $P>0.05$ ).

This finding agree with Kabeer (1998), who conducted studies in Grameen Bank in 1995 and showed as microfinance has a positive impact on saving and capital accumulation. Similarly, FGD with one of the groups which had on the roles of micro finance programs on improving saving habit clearly reveals similar scenario.

#### **4.4.1.9. Experience in IGA**

It was anticipated that if women's access to IGAs increase, they can easily manage their money and hence economically empowered. As depicted in table 4.9, surveyed result indicate that out of those who have experience of IGA, about 64.6 and 6.1% are high and low level empowered respectively. This clearly indicate the importance of IGA experience in increasing women's capacity to manage their income. In contrary to aforementioned analysis statistically chi-square taste shows no significant association between women's economic empowerment and experience in IGAs ( $\chi^2=2.78$ ;  $P>0.05$ )

#### **4.4.1.10. Marital Status**

As indicated in table 4.9, about 62.8%, 52%, 68.8% and 87.5% of single, married, widow and divorced sampled respondents are empowered at high level respectively. Whereas about 7%, 5.3%, 0% and 0% of single, married, widow and divorced sampled respondents are empowered at lower level respectively. This clearly shows as single, divorced and widowed women are by

far high level empowered than married women. In contrary to this, chi-square test confirm this and there is no significant association between women`s economic empowerment and marital status ( $\chi^2=9.03$ ;  $P>0.05$ )

#### **4.4.1.11. Loan size efficiency**

As depicted in table 4.9, about 66.4 % of those who confirmed as loan size they received were efficient, were empowered at high level and about 1.9% of them are empowered at low level. When we see those who witnessed as loan size they received were in efficient, about 11.6% of them are empowered at low level. This clearly shows as loan size efficiency have its own implication in ensuring women`s economic empowerment. Chi-square test also confirmed as there is significant association between loan size efficiency and women`s economic empowerment at 5% significance level ( $\chi^2=9.15$ ,  $P<0.05$ )

#### **4.4.1.12. Access to Training**

As indicated in table 4.9, about 58.3% of sampled respondents who have an access to training are empowered at high level. Meanwhile, about 63% of those who have no access to training were empowered at high level. This clearly shows as training may not be influencing factor for women economic empowerment in the study area. Chi-square test also confirm as there is no association between women`s economic empowerment and access to training ( $\chi^2=1.309$ ;  $P>0.05$ )

Table 4.9: Summary of descriptive statistics for Categorical variables

Variables	Categories	Level of Women's Economic Empowerment (%)			$\chi^2$ value
		Empowerment (%)			
		Low	Moderate	High	
Saving habit	Yes	2.6	23.7	73.7	3.64
	No	5.4	38.8	56.2	
Experience in IGA	Yes	6.1	29.3	64.6	2.78
	No	2.9	41.2	55.9	
Marital Status	Single	7	30.2	62.8	9.03
	Married	5.3	42.7	52	
	Widow	0	31.2	68.8	
	Divorced	0	12.5	87.5	
Loan size Efficiency	Yes	1.9	31.8	66.4	9.15**
	No	11.6	41.9	46.5	
Access to training	Yes	3.6	38.1	58.3	1.309
	No	6.1	30.3	63.6	

Key: \*\* 5% significance level

Source: Field Survey, 2017

#### 4.4.2. Econometric Analysis

This section discusses multi-co linearity diagnostics and econometric analysis of significant factors proposed to determine explanatory variable.

##### 4.4.2.1. Multi-Co linearity Diagnostics

To study determinants women's economic empowerment in the study area, data gathered from 150 sampled respondents were subjected to ordered logit regression analysis. The statistical software used for analyzing the data was SPSS version 20. Prior to run the model, both the continuous and categorical explanatory variables were checked for the existence of multi-co linearity problem. The problem arises when at least one of the independent variable is linear combination of the others. The existence of multi-co linearity might cause the estimated regression coefficients to have the wrong signs and smaller odds ratios which lead to wrong conclusion.

There are two measures often suggested to test the presence of multi-co linearity. Variance Inflation Factors (VIF) for association among the continuous explanatory variables and Contingency Coefficient for categorical variables (Gujirati, 2003). The technique of Variance Inflation Factor (VIF) was employed to detect the problem of multi-co linearity among the continuous variable.

$$VIF(x_i) = \frac{1}{1 - R_i^2}$$

Where,  $R_i^2$  is square of multiple correlation coefficients that results when one explanatory variable ( $x_i$ ) is regressed against all other explanatory variables. The larger value of  $VIF(x_i)$  the more difficult or multi-collinear the variable  $x_i$  is. As a rule of thumb, if the  $VIF$  of a variable exceeds 10, there is multi-co linearity problem.

Table 4.10: Variance Inflation Factor for Continuous Variable

Variables	$R_i^2$	VIF
AGE	0.52	2.105
YEAR OF SCHOOLING	0.44	1.789
FAMILY SIZE	0.51	2.042
DEPENDENCY RATIO	0.16	1.189
EXPERIENCE IN MFI	0.40	1.673
MARKET DISTANCE	0.89	9.425
ANNUAL INCOME	0.38	1.617

*Source: Field Survey, 2015*

Similarly, contingency coefficients were computed to check the existence of multi-co linearity problem among the discrete explanatory variables. The contingency coefficient is computed as:

$$CC = \sqrt{\frac{\chi^2}{N + \chi^2}} \text{ Where,}$$

CC = Contingency Coefficient,  $\chi^2$  = Chi-square random variable and N= total sample size

The decision rule for contingency coefficient is that when its value approaches 1, there is a problem of association between the discrete variables.

Table 4.11: Contingency Coefficient for Explanatory Variables

Variables	Marital Status	Saving Habit	Experience in IGA	Loan Size efficiency	Access to Training
Marital Status	1				
Saving Habit	0.113	1			
Experience in IGA	0.231	0.175	1		
Loan Size efficiency	0.5	0.03	0.015	1	
Access to Training	0.148	0.114	0.132	0.145	1

*Source: Field Survey, 2017*

Based on the VIF and contingency coefficient results, the data were found to have no serious problem of multi-co linearity and therefore all continuous and discrete explanatory variables were retained in the model (see table 4.10 & 4.11).

#### 4.4.2.2. Model Output

In preceding section, variables characterizing women`s economic empowerment in the study area and their difference among low, moderate and high level of women`s economic empowerment were identified. However, in ordered logit analysis, the emphasis was on considering the combined effect of variable between low, moderate and high level of women`s economic empowerment of sample respondents. Therefore, emphasis is on analyzing these variables together, not one at a time. By considering variables simultaneously, it`s possible to incorporate important information about their relationship. Accordingly, the likelihood ratio, goodness of fit test shows a good fit for the model. The  $\chi^2$  statistics testing that the coefficients of the model excluding the constant term, are highly significant (at  $P < 0.001$ ) supporting the specification. The signs of most of the estimated parameters conform to the expectations.

The results are reported using odd ratios. Each odds ratio shows the effects of marginal change in the corresponding dependent variable specifically, on the level of women`s economic empowerment in the study area. An odds ration greater than one indicate positive relationship between the independent variable and the dependent variable; higher women`s economic empowerment is associated with increase in the values of independent variable and negative odds ratio suggest the reverse.



Accordingly, the estimate of parameters of the independent variables expected to influence economic empowerment are displayed in table 4.12. Out of 12 explanatory variables, only four of them were found to have significant influence on women`s economic empowerment in the study area.

#### 4.3.1.3. Ordered Logit Model Results

The estimates of parameters of the independent variables expected to influence women`s economic empowerment are displayed in table 4.12 and discussed as follows:

Table 4.12: Ordered Logit Estimate of Determinants of Women`s Economic Empowerment in the study area

Variables	Estimate	Std. Error	Wald	Sig.	Odds Ratio
[Empowerment = 1.00]	.568	1.205	.222		
[Empowerment = 2.00]	1.450	1.244	1.376		
AGE	.004	.020	.049	.826	1.04
FAMSZ	.137	.094	2.121	.145	1.15
EDULWOBO	.013	.032	.167	.682	1.35
<b>DEPRAT</b>	<b>-.958</b>	<b>.557</b>	<b>2.960</b>	<b>.085*</b>	<b>0.384</b>
YERMEMFI	-.091	.089	1.067	.302	0.91
DISTANTMKT	-.035	.023	2.269	.132	0.96
<b>ANINCOME</b>	<b>6.453E-05</b>	<b>1.226E-05</b>	<b>27.698</b>	<b>.000***</b>	<b>1.0</b>
<b>MARTSTAT</b>	<b>-.906</b>	<b>.502</b>	<b>3.250</b>	<b>.071*</b>	<b>0.4</b>
ACCTRAIN	0.3727	0.868	0.142	0.707	1.45
<b>EFILOSZ</b>	<b>.476</b>	<b>.257</b>	<b>3.450</b>	<b>.063*</b>	<b>1.61</b>
EXPIGA	.143	.245	.344	.558	1.15
SAVHAB	.286	.691	.171	.679	1.33
<b>Chi-Square Value <math>\chi^2(12)</math> 69.138</b>			<b>P=0.000</b>		
<b>-2Log Likelihood 244.042</b>			<b>N= 150</b>		
<b>Nagelekerke Pseudo R<sup>2</sup> 0.511</b>					
<b>Base Category: Empowerment 3 (High level empowerment)</b>					

Key: \*10% significance level \*\*\*1% significance level

Source: Field Survey, 2017

#### 1. Dependency Ratio

This variable refers to the number of children below the age of 18 and old age above 65 years in a given family members counted to the ratio of total family size. It is hypothesized to have negative relationship with women empowerment. As depicted in table 4.12, survey result

indicate as dependency ration and women`s economic empowerments have negative and significant relation at 10% significant level. Other variables remain constant, Odd ratio suggests that one unit increase in dependency ratio would cause decrement of women`s economic empowerment by the factor of 0.384 [see table 4.12].

This finding agree with Birgit, (2001) who contend as larger the dependency ratio in the household, the lesser the possibility for women to engage in income generating activities being woman spend more time to look after these age groups.

## **2. Annual Income**

Annual income was hypothesized to have positive impact on women`s economic empowerment in the study area. Survey results also confirmed as there is positive and significant effect on women`s economic empowerment at 1% significance level. Other variable remains constant odds ratio suggests that, one unit increase in annual income would cause women`s economic empowerment to increase by the factor of 1.0 (see table 4.12).

This finding agrees with Tesehay and Mengestu (2002) who argue that the microfinance interventions have brought positive impacts in the improvement of economic status and empowerment of microfinance programs beneficiaries. Similarly, a comparative study on ACSI and OMFI results revealed that access to credit is indeed enabled borrowers and their household to generate some cash income (Hirut 2006).

## **3. Marital Status**

Marital status was hypothesized to affect women`s economic empowerment negatively. Survey result also confirmed as there exist positive and significant between women`s economic empowerment at 10% significance level. Odds ratio suggests that one unit increase in marital status would cause women empowerment to decrease by the factor 0.4. This clearly shows as women married her freedom of movement and choice of IGAs will be limited.

The main reasons for such difference may be due to gender inequality that emanates from local tradition and cultural practice of the host community that praise men dominance as normal ways of life, particularly in rural parts of the country. The gender inequality that commonly reflected on women`s access to productive assets, control, and decision making power in the local community favors men`s than women. This finding agree with (Hossaena, 2013), who

depicted as gender inequality highly predominate and hinder women`s economic empowerment around Hararghe area.

#### **4. Loan size Efficiency**

Loan size is the total amount of loan received in Birr by the respondent from lending institutions in one year period by the time of interview. It was hypothesized to affect women economic empowerment positively. Survey results also confirm this and it was found to have positive and significant effect on women`s economic empowerment at 10% significance level. Odds ratio suggests that, one unit increase in loan size would cause women`s economic empowerment to increase by the factor of 1.61.

As noted in FGD, large cumulative amount of loan received shows the capacity and self-confidence of the borrower to expand business for better income. Hence, cumulative amount of loan access for women hypothesized to have positive influence on women empowerment.

This finding agree with Befikadu, (2011), who contended as loan size increase and become efficient, women`s capacity and self-confidence to expand her business will be very high.

#### **4.5. Role of HMFIs in improving Women`s Income**

Establishing the “before-after” program levels of annual income were problematic as most of the participants had no experience and knowledge in managing their cash-flows to know their exact annual income especially before they joined HMFIs for credit purpose. Thus, most of the respondents did not know their exact annual incomes and everyone had their own way of calculating household finances. Therefore, any reported increases/decreases in annual income are based on individual respondents` estimations, allowing the respondents to use their own methods.

Table 4.13: Annual Income of respondents before and after joining HMFI

<b>Annual income of respondents(In Birr)</b>			
	<b>Before</b>	<b>After</b>	<b>Correlation (r)</b>
Min	8,000	72,000	<b>r = 0.78</b>
Max	12,000	180,000	
Mean	22,675.33	41,824.00	<b>p= 0.000</b>
SD	13,101.893	26,987.138	

**Source: Field Survey, 2017.**

As depicted in table 4.13, the average annual income of sample respondents before joining HMFI for credit program is 22,675.33 birr having the minimum and maximum value of 8000 birr and 72,000 birr respectively. Moreover, the mean value of annual income of sampled respondents after joining HMFI is 41,824.00 having the minimum and maximum value of 12,000 and 180,000 birr respectively. This followed by 26, 987.138 Standard Deviation. As survey result shows the % averages of annual income of sampled respondents have increased by 54.21% from 22,675.33 to 41,824.00 when compared to before joining HMFI for accessing financial services like credit and saving. This shows that as the service provided by micro finance have brought positive impact on the beneficiaries. Statistically as Bivariate correlation(**r=0.78; P=0.000**) was confirmed as there is strong positive correlation between women`s annual income before and after joining HMFI.

The study conducted by Befikadu (2011) noted that the increases in annual income and expenditure as well as the increases in asset accumulation and savings clearly result from the program`s influence and led to improved living standards and economic empowerment for the respondents. The similar study concludes that fact that over 80% of the respondents reported an improved financial situation demonstrates that the program had a highly positive impact on their lives. A study by Meron (2007) as cited in Befikadu (2011) revealed that similar trends micro finance plays a significant role in the economic empowerment of women by increasing the annual income they generate.

Table 4.14: Percentages' of improved respondents in annual income after joining HMFI

	Frequency	Percentage
Yes	140	93.3
No	10	6.7
Total	150	100.0

Source: Field Survey, 2017.

As depicted in above table, surveyed result shows that about 93.3% (n= 140) sample respondents have reported as their annual income increased after joining HMFI for credit program. This was followed by 6.7% (n=10) of sample respondents who reported as they are not seen any improvements in their annual income after joining HMFI for credit program. As this result shows most (93.3%) of the sampled respondent's annual income have increased as an impacts of MFI after joining HMFI for credit program.

This finding complies with assertion of Hayimanot (2007) he asserts that Women's participation in the ACSI micro finance program has also contributed substantially to the improvement of their annual income.

Table 4.15: Level of respondent's improvement in annual income after joining HMFI

	Frequency	Percent
Low	25	16.7
Moderate	36	24.0
High	79	52.7
Total	140	93.3

Source: Field survey, 2017

According to the surveyed result shows that 16.7% (n=25) of sample respondent's annual income have increased in low level after credit program. Moreover, the remaining 24.0%(n=36) and 52.7%(n=79) of sampled respondent's annual income improved in moderate and high level of improvement respectively after joining HMFI for accessing financial services in the study area. And the rest 6.7% (n=10) of sample respondents were not see any improvements on their annual income after joining HMFI (see table 4.15).

This finding complies with the assertion of Martha (2015), study conducted in Eastern Ethiopia indicating positive relationship between micro finance services and women's annual income.

The focus group discussion also compliments the above analysis of the study. The FGDs was conducted to assess the role of micro finance institution in improving annual income of women's in the study area. The FGDs was held with women borrower of each branches (Jimma, Saka and Yabu branches) and also with staff of each branches to have better understanding about role of HMFIs in improving the women's annual income in the study area. And also the points and issues rose in different groups were summarized and presented as follows.

The discussion held with women were started by raising question how you see the role of HMFIs in increasing your income. The group members raise and gave in-depth explanation on the role of HMFIs. Most of the members raised that as HMFIs play a vital role in improving their level of income through providing credit services which help as startup capital and also by creating an opportunity of having different types of training on the issues like an advantages of saving, How to start business and how to develop additional business to diversify income before granting us the credit. All these services enriched us with skills of running our own income generating activities which in turn increases our income. As the discussants view The income generating activities created an opportunity to develop own asset, cover household expenditures, send child to school, well dressed, build confidence, more support and respect observed from husband side and got more voice in the household decisions.

As the idea raised by discussants briefly tells the institution play an outstanding role in improving our income level. The researcher raised another question related with how you evaluate your income level by comparing before and after joining HMFIs for credit program. Most of the group members women raised as the HMFIs have played a great role to increase their income level after joining HMFIs for financial services specially credit program. They also witnessed that before loan program they were dependent on their husbands for any household expenditure because they were not have enough engagements in income generating activities before loan program due to lack of startup capital. But currently after getting loan from HMFIs we are not fully wait our husband's hand to cover our household's expenditure.

Additionally the FGDs conducted with staffs of HMFII on the role of micro finance services in improving the income level of women borrowers. The discussants were raised their idea as:

Our institution is working with the poorest of the poor and the experiences we have had with this program were so positive. Through the program, the participants or beneficiaries became strong and therefore they will be able to live good lives in the future without being dependent on loans.

But as per the group members idea the level of the women borrowers improvement in income based on their activities and usage of loan. This means the level of improvements vary from borrower to borrower based on their wisely usage of loan and debt management. Moreover, when we evaluate the impacts and role of HMFII on the women beneficiaries' overall life there are great improvements in their income level when compared to before joining HMFII for granting loan. The FGDs members confirm that as they have seen improvements on their borrowers from one loan cycles to the next loan cycles.

# CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATION

### 5.1 Summary and Conclusions

In this study, the impact of micro finance on women's economic empowerment was examined. The determinants associated with the women's economic empowerment were identified and also the role of HMFIs on improving women's annual income in the study area.

Women in Ethiopia were marginalized from economic, social and political empowerments due to multifaceted reasons. As a viable approach to poverty alleviation and development, microfinance is designed to assist the poor, particularly women, to bring about economic empowerment across the globe, though the Ethiopian experience remains open for further study and investigation. According to the finding from this study, micro finance has played a vital role in improving the status of women economic empowerment in the study area. As the finding showed that more than half (57.3%) of sampled respondents were have the low category of economic empowerment before joining HMFIs for accessing financial service in the study area. But contrary to this finding, as the result clearly shows that more than half (60.7%) of sampled respondents were have the high category of economic empowerment after they joining HMFIs in the study area, but before joining HMFIs less than 10% (6.7%) of the sampled respondents have the high category of economic empowerment in the study area.

A total of 12 variables were entered in to the econometrics model, out of these variables only four variables have significant influence on women economic empowerment at different level of probabilities. The variables are, dependency ratio (DEPRAT), annual income (ANINCOME), marital status (MARTSTAT) and Loan size (EFILOASI) have influence on women economic empowerment. On the other hand the remaining eight variables have no influence on women economic empowerment. Finally, survey result showed as HMFIs has play a vital role in creating significant improvement on women's annual income when compared to before joining HMFIs for credit in the study area.



In general this study revealed that the micro finance service have impacts on women's economic empowerment. Thus, the implication of this study is that though additional efforts are needed, micro financing service that is being rendered by HMFI has been contributing positively towards improving economic status of women, and has impacted on women's economic empowerment in the study area.

## **5.2 Recommendations**

Based on the findings of the study and critical issues identified in the study, the following recommendations are forwarded for better future in the study area:

- Creation of awareness need to be given for local communities as women who have access to micro finance services like credit facility and saving products were found to be economically better empowerment when compared with before accessing the services.
- The Harbu micro finance institution should design and implement its product and services appropriately as the comparison of the respondent's economic empowerment before and since they joined HMFI revealed that through the impacts of the program status of respondent's economic empowerment were improved after joining HMFI.
- The issue of family planning and gender equality should be focused by the concerned body like local government bodies and social institutions as the dependency ratio and marital status negatively affect economic empowerment of women in the study area.
- HMFI should revise and increase its current loan size given for one individual person by considering the current money value in the market.
- Training focusing on how to increase their annual income and income sources diversification should be given for the community as the annual income is one of the significant variable.
- HMFI should reach large number of communities that were marginalized by Banks as it was proved to help women particularly low income women to be economically empowered.
- HMFI should formulate means of diversifying women's income generating activities and also create awareness on how women could exercise better control over their incomes.

- The government organization and different non- government organizations should aware the community particularly women about the significant role of micro finance in improving the women's income.

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## APPENDIX: I

### Post HOC Test (LSD) Result

Dependent Variable			Mean Difference (I-J)	Std. Error	Sig.
Age of Sample Respondents	Low	Moderate	-8.343*	3.341	.014
		High	-7.396*	3.255	.025
	Moderate	Low	8.343*	3.341	.014
		High	.948	1.443	.512
	High	Low	7.396*	3.255	.025
		Moderate	-.948	1.443	.512
Dependency Ratio	Low	Moderate	.13883	.09117	.130
		High	.04218	.08882	.636
	Moderate	Low	-.13883	.09117	.130
		High	-.09666*	.03937	.015
	High	Low	-.04218	.08882	.636
		Moderate	.09666*	.03937	.015
Years of Membership in HMF	Low	Moderate	-1.126	.674	.097
		High	-1.560*	.657	.019
	Moderate	Low	1.126	.674	.097
		High	-.434	.291	.138
	High	Low	1.560*	.657	.019
		Moderate	.434	.291	.138
Respondents Distance from main market in KM	Low	Moderate	-2.484	2.440	.310
		High	1.868	2.377	.433
	Moderate	Low	2.484	2.440	.310
		High	4.352*	1.054	.000
	High	Low	-1.868	2.377	.433
		Moderate	-4.352*	1.054	.000
Respondents' Annual Income	Low	Moderate	-7979.945	9565.934	.406
		High	-33,532.967*	9319.560	.000
	Moderate	Low	7979.945	9565.934	.406
		High	-25,553.022*	4130.453	.000
	High	Low	33,532.967*	9319.560	.000
		Moderate	25,553.022*	4130.453	.000

\*.The mean difference is significant at the 0.05 level

Sources: Field survey, 2017

**APPENDIX: II**  
**JIMMA UNIVERSITY**  
**COLLEGE OF BUSINESS & ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**  
**MBA PROGRAM**

Questionnaire for Harbu Micro Finance Beneficiaries (Clients)

Dear respondents;

This questionnaire is designed to collect relevant information from selected clients to aid in the assessment of the “Impacts of Micro-Finance on Women’s Economic Empowerment: The Case of Selected Branches of Harbu Micro-Finance” Institution in Jimma Zone. The information required is strictly for academic purpose and any information provided would be treated with the utmost confidentiality and shall be used only for the intended purpose. Your candid opinion is highly solicited. There are no right and wrong answers. Please ensure that you react for all questions under different facets.

I want to take this opportunity to thank you for availing yourself and thereby contributing towards making my thesis success.

*Thank You in Advance for Your Cooperation*

*Wondimu Edessa*

*Contact Address: +251-912-75-42-63*

**Section 1: Demographic characteristics**

1. Age (In years): \_\_\_\_\_

2. Marital Status:

1. Single [ ]    2. Married [ ]    3. Widow [ ]    4. Divorced [ ]

3. Number of Children: \_\_\_\_\_

4. Family Size: \_\_\_\_\_

5. Education level: \_\_\_\_\_

6. Religion:

1. Muslim [ ]    3. Protestant [ ]

2. Orthodox [ ]    4. Catholic [ ]    5. Others/Specify \_\_\_\_\_

7. Total Number of dependants in the household: Specify in number \_\_\_\_\_

## Section 2: Saving habit

- Do you have Personal saving account before and after joining HMFI?  
Before: 1. Yes [ ] 2.No [ ]  
After: 1. Yes [ ] 2.No [ ]
- If yes, Types of Saving  
1. Voluntary [ ] 2. Compulsory [ ]
- If yes, where do you save your Money? (*Multiple responses are possible*)  
1. HMFI [ ] 2. Bank [ ] 3.Both [ ] 4.Iqqub [ ] 5.Others \_\_\_\_\_
- For what purpose do you save? (*Multiple responses are possible*)  
1. To expand business [ ] 4.For safety from theft or damage [ ]  
2. For consumption [ ] 5. For emergency (For use in difficulty dates) [ ]  
3. For loan repayment [ ]
- Do you see any improvement in your cash savings after loan program?  
1. Yes [ ] 2. No [ ]
- If yes, how do you express the improvement in your personal cash savings?  
1. Low [ ] 2. Moderate [ ] 3.High [ ]
- Do you see any increase in your household contribution after loan program?  
1. Yes [ ] 2. No [ ]
- If yes, how do you express the increase in your contribution for household expenditure?  
1. Low [ ] 2. Moderate [ ] 3.High [ ]

## Section 3: Experience in Income generation activities

- Did you have experience in running income generating activities before you join HMFI?  
1. Yes [ ] 2. No [ ]
- How many years of experience did you have in income generating activities?  
Specify in year \_\_\_\_\_

## Section 4: Years of Membership in Micro finance

- How long have you been a member of HMFI? \_\_\_\_\_ Years

## Section 5: Efficient Loan size

- Was the loan size given by HMFI is efficient to undertake your intended purpose?  
1. Yes [ ] 3. No [ ]

## Section 6: Distance from the main market

- How far your residence from the nearest main market?  
Specify in KMs: \_\_\_\_\_ (Estimate)

## Section 7: Annual Income

1. What is the average amount of income you got?

Income before the loan( Birr)		Income after the loan( Birr) [Income increased due to the loan]	
Monthly	Annually	Monthly	Annually

2. Is there any change or improvements in your income after the loan program?  
 1. Yes [ ] 2. No [ ]
3. If “Yes” for Q# 2, How do you express the increments of your average income?  
 1. Low [ ] 2. Moderate [ ] 3. High [ ]

## Section 8: Access to Training

1. Do you participate in any extension training before joining HMFI?  
 1. Yes [ ] 2. No [ ]
2. If “Yes”, who prepare and organize the training?  
 1. Woreda Agriculture office [ ] 4. NGO [ ]  
 2. Woreda Cooperative promotion office [ ] 5. Woreda women affairs office [ ]  
 3. Woreda Health office [ ]
3. If “No”, Why not?  
 1. Not invited [ ] 3. Not interested to participate [ ]  
 2. Lack of time to participate [ ] 4. Others specify \_\_\_\_\_
4. Did you take training before and after granting loan from HMFI?  
 1. Yes [ ] 2. No [ ]  
 If “Yes” ask Questions # 5-7
5. What kind of training did you take from HMFI?  
 1. Entrepreneurial training (How to start and do business) [ ]  
 2. Loan Usage and Repayment training (How to manage Debt) [ ]  
 3. Saving related training [ ]  
 4. If others please specify \_\_\_\_\_
6. Was the training provides any change in your business activities?  
 1. Yes [ ] 2. No [ ]
7. If “Yes” how do you express the improvements?  
 1. Low [ ] 2. Moderate [ ] 3. High [ ]

## Part two

### Questionnaires' related with indicators of dependent variable

1. Do you have personal non-cash asset other than cash asset? ( *Ownership of Asset* )

1. Yes [ ]      2. No [ ]

**If yes, ask questions # 2-4**

2. What types of non-cash asset do you have?

S.N	List of asset you have	Unit	Amount Before Loan (in number)	Amount After Loan (in number)	Value in (Birr)
1	House ( <i>for rural respondents</i> )				
	Iron roofed				
	Grass roofed				
2	Do you have your own house? ( <i>For urban respondents</i> )				
3	TV				
4	Refrigerator				
5	Solar energy				
6	Oxen				
7	Cows				
8	Coffee and chat plot				
9	Horse/ Donkey/Mule				

3. How do you express the status of your non- cash personal asset before joining HMFI?

(estimation based on the lists of asset I the above table)

1. Low [ ]      2. Moderate [ ]      3. High [ ]

4. Do you see any improvements in your non –cash personal asset after joining HMFI for loan?

1. Yes [ ]      2. No [ ]

5. If “Yes “, how do you express the improvements in your non-cash personal asset?

1. Low [ ]      2. Moderate [ ]      3. High [ ]

6. Who decides on the following affairs in your household? (*Participation on the HH decision making Process*), Mark  $\checkmark$

S. N	Affairs	Who decides Before Loan			Who decides After Loan		
		Husband only	Both Husband and Wife	Wife only	Husband only	Both Husband and Wife	Wife only
1	Using of credit (Loan)						
2	Saving						
3	Selection of IGA's						
4	Purchasing of clothes for HH members						
5	Use of Improved seed or Fertilizer						
6	Sale of cattle						
7	Sale of Coffee or chat						
8	Sale of cereals						
9	House construction or maintenance						
10	Number of Children to have						
11	Helping both Husband's and Wife's Family						
12	Salary						

7. Do you feel any improvements in your participation in household decision making after joining HMFI?

1. Yes [ ]      2. No [ ]

8. If "Yes", how do you express the improvement in your participation in the household decision making?

1. Low [ ]      2. Moderate [ ]      3. High [ ]

9. Who controls the following resources in your household? (*Control over resources*) Mark  $\surd$

S.N	Resources	Who Control over resources Before Loan			Who Control over resources After Loan		
		Husband only	Both Husband and Wife	Wife only	Husband only	Both Husband and Wife	Wife only
1	Loan						
2	Cash Saving						
3	Income from Business						
4	Salary						
5	Income from coffee and Chat sale						
6	Cattle						
7	Land						

10. How often you try to convince your husband and others in your discussion? (*Bargaining power*) Mark  $\surd$

S.N	Questions	Bargaining Power level before loan			Bargaining Power level After loan		
		Never	Sometimes	Always	Never	Sometimes	Always
9.1	How often you convince your husband in your discussion?						
9.2	How often you try to convince others in your discussion?						

11. Do you see any improvement in the frequency of your efforts to convince your husband in your discussion after joining HMFI?

1. Yes [ ] 2. No [ ]

12. If yes, how do you express the improvement in the frequency of your effort?

1. Low [ ] 2. Moderate [ ] 3. High [ ]

13. Do you see any improvement in the frequency of your efforts to convince others in your discussion after joining HMFI?

1. Yes [ ] 2. No [ ]

14. If yes, how do you express the improvement in the frequency of your effort?

1. Low [ ] 2. Moderate [ ] 3. High [ ]



15. Do you have your own income generating activity before you join HMFI? (Access to Income Generating Activity )

1. Yes [ ]      2. No [ ]

16. Do you have your own income generating activity after you join HMFI?

1. Yes [ ]      2. No [ ]

17. If Yes, How do you express your level of accessing to income generating activity before joining HMFI?

1. Low [ ]      2. Moderate [ ]      3.High [ ]

18. If No, why haven't (refer question 16)

1. No need for IGAs [ ]    3.Lack of experience [ ]    5. Insufficient loan size [ ]  
 2. Fear of competition [ ]    4. Unwillingness of husband [ ]  
 3. Shortage of labor force for household duties [ ]

19. Did you see any improvement in your income generation activity since you joined HMFI?

1. Yes [ ]      2. No [ ]

20. If yes, how do you express your improvements in your income generation activity since you joined HMFI?

1. Low [ ]      2. Moderate [ ]      3.High [ ]

21. Have you involved in any formal and/or informal local common activities in your community? (*Social Participation*)

1. Yes [ ]      2. No [ ]

**If "Yes" ask question # 20-22**

22. In which of the following organization are you member and/or leader? Mark ✓

S.N	Organization	Level of Participation before loan			Level of Participation after loan		
		Member	Committee	Leader	Member	Committee	Leader
1	Kebele Council						
2	Women Association						
3	Village Dev't Committee						
4	Afosha (Iddir)						
5	School parent Committee						
6	Iqqub						
7	Religion related Association						
8	Others Specify						

23. How often you move out to participate on the above listed social affairs? (Mobility)

1. Once per month (1) [ ]      4. Twice per month (2) [ ]  
 2. Once per week (3) [ ]      5. Twice per week (4) [ ]  
 3. Three times per week (5) [ ]      6. Daily (6)[ ]

24. How do you express your freedom of movement before joining HMFI to run your IGAs and to participate in social affairs?(Mobility)

1. Low [ ]    2. Moderate [ ]    3. High [ ]

**25.** Is your mobility increased to participate on the above listed social affairs and to run your IGAs after you join HMFI?

1. Yes [ ]    2. No [ ]

**26.** If yes, how do you express the increase in your mobility after joining HMFI?

1. Low [ ]    2. Moderate [ ]    3. High [ ]

**APPENDIX: III**  
**CHECKLIST FOR FGD**

**JIMMA UNIVERSITY**  
**COLLEGE OF BUSINESS & ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**  
**MBA PROGRAM**

The purpose of this focus group discussion is to explore the extent to which women are empowered through Harbu MFI in the study area. To draw some conclusions and forwarding possible recommendations, this might be helpful for making some practical interventions by the concerned bodies. So, your kind cooperation with honest responses active participation to focus group discussion will be vital for the overall success of the study. The study is purely for academic purpose and the information you will provide is to be treated as confidential and cannot be traced to the person who provided them.

1. What are the main services HMFIs provide to you?
2. Discuss on the impacts of HMFIs in empowering you economically.
3. Discuss on the factors that determine your economic empowerment.
4. How do you evaluate improvements on your saving status or habit after joining HMFIs for credit program?
5. Discuss how increasing of experiences in income generating activities improves your economic empowerment.
6. Does your economic empowerment improve as your loan cycles increase? (Engagement in credit program for many years could have impacts on your economic empowerment?)
7. Do you think that the loan amount granted by HMFIs is sufficient to run your business?
8. How do you evaluate the role of HMFIs in improving your income level?
9. Discuss how market distances determine your overall economic activities.

10. How do you evaluate the impact of HMFI on women's economic empowerment? Please discuss the economic impacts? (For staff of HMFI)
11. Does the training offered by the institution provide significant change on the borrowers' business activities? Discuss in detail. (For staff of HMFI)
12. As the expert of the institution how do you evaluate the role of HMFI in improving the income level of women borrowers? (For staff of HMFI)