

Jimma University
Faculty of Business
Department of Management

*A RESEARCH ON THE TOPIC:
ASSESSMENT ON FACTS AND PROBLEMS OF
MICRO FINANCING ACTIVITIES-IN BAHR
DAR ZONE (special)*

By:
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ABSTRACT

The purpose of the study was to identify facts and problems of micro financing activity both on the side of Organizers and users by assessing the identified population on the bases of their responses. Facts were gathered through the use of interview questionnaire for users and unstructured interview for coordinators and management bodies of micro finance institution and compared with the standards of the philosophy i.e micro financing. And the deviations are identified as a problem.

Samples were selected by using both probability and non probability sampling techniques .) Using these techniques 45 individuals (users) were selected and have answered questions asked by the interviewer. For micro finance organizer census was used and interviewed. Data was gathered in this way and analyzed both descriptively and influentially facts and problems are identified both on the side of lenders and users and detailed investigations were made .

It is hopped that the study will reveal facts and problems of micro-financing activity in Bhar Dar Zone. Even if there was a set of challenges during data collection I can say that this research project achieve its objectives i.e reveals facts and problems of micro-financing activity in Bahar Dar zone and possible solutions as a recommendation are given

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CHAPTER ONE

INTRODUCTION

In this research paper you will get the information about what micro financing Means, by whom, when and where it was established. Micro financing activity is a philosophy which is inventioned by professor Mohammed Yunus in 1976. In 1975, while the chairman of the economics department at Chittagong university, professor yunus came across and old village women who made bambo herself, she borrowed alocal money lender at exorbitant interest rates; In the end she was making just two cents a day. Yunus lent out some of the villegers in the same situation at honest interest rates; this provide enough to heep them shake- off the middle men and attain self suffency. He reasoned if they could work for themselves rather than for others, they could retain for the surpeus now appropriated by others. This bright full insight was came into the mind of profeser yunus when he was in Bangladesh.

Micro financing activity i.e which boldly flies in the faces of fiduciary convention by lending money to illiterate land less peasants who can offer no collateral. It has its own objectives. The people, who have skills knowledge, talencies to do different activities may sit simply idel because of lack of working capital (money). So that the objective of this philosophy starts by lenteng those persons out from exorbitant interest rates which is imposed on the poor people by local money lenders.

Lending money to those people who have skill, knowledge, talency etc but have no colletaral to borrow money from formal financial institution is not a simple task. Because, we should identify the

Character of the person, i.e Attitude , effort, honesty etc and identify persons who have skills, knowledge, willingness, honesty and lend money to them. It is not the end task rather it is the beginning, because the activity needs day to day followup how their activity is going on & to foster them to do their work & pay their liability with honest interest rates. Other wise, if we lend money to those persons who have no collateral the return ability will be questionable. Mohammed yunus (prof) said that," you will be told with 100% certainty that the poor have to be trained before they can do any thing. The poor can not budget, they cannot save. It is useless to offer any thing to poor women they have no skill. The influence of religion and custom is so strong on them that they can not have an inch in any direction the poor have skills or they wouldn't have been able to survive. They know how to do. All you have to give them is access to capital. Most of them can take it from there (todd).¹

The afore mentioned points are parts of the philosophy. But the question is how it is practiced in our country Ethiopia. The philosophy of micro financing activity was introduced in Ethiopia in 1986 E.c through the chancler of international Bank and the government agreement. It has 8 years age, but what is being done? How it is being done? How big its diminution? How the peoples awareness towards the philosophy?. To answer these questions we have to assess the identified study area and search facts what is being done, problems if there are other factors

The reason why I prefer to do research in this topics is to know facts and identify problems by comparing the concept of the philosophy with the facts going on in our country and finally to give recommendations to the problems as a solution .

This contributes a lot to gather the data properly and even I know the custom, socio economic activity in general. So that, to get relevant information this will also contribute alot.

OBJECTIVE OF THE STUDY

The objective of the study was to understand the facts and identify problems which are available in the micro-finance institutions & micro-enterprise co-operatives in Bahr Dar zone. And finally to give solutions as a recommendation by comparing what is being done and what the philosophy says. Here I used the philosophy as a standard to measure the actual activity by considering social and economic value of the Zone

CHAPTER TWO

LITERATURE REVIEW

The start of Micro financing Activities

Grameen Bank Approach to Development

A glimmer of hope in the Medest of Bangladesh Misery is Grameen bank, which boldly flies in the face of fiduciary convention by lending money to illiterate land less peasants who can offer no collateral. It prefer women clients and operates door to door in isolitaed villagers rather than from an impersonal office in an urban commercial centre Professor Muhammed yunus, the founder and Managing director of Grameen Bank, portests" we are not standing on our head, we are right way up." It is conventional Banking which is upside down. (todd 1989)¹

Grameen is the Bangli word for rural or village Grameen bank is thus a rural bank, May even call it the bare foot Bank, refering to its clients etc. the poorest of the poor. The bank is successful because , unlike the uselas commercial banks, It is based on a fundamental respect for the poor and their capabilities. Yunus challenges all mythms about the poor.

" you will be told with 100% certainty that the poor have to be trained before they can do any thing. The poor can not budget, they can not save. It is useless to offer any thing to poor womens they have no skill The influence of religion and custom is also strong on the that they can not move an inch in any direction the poor have skills or they wouldn't

have been able to survive. They new what to do. All you have to give them is access to capital. Most of them can take it from there (To. Dd)¹

The impoverished clients of Grameen Bank have certaiarity lived up to younis expectations, the rate of repayment. Is 98 percent and yunus is lauded a visionary. Fifteen year ago how ever the academic and financial community through other wise.

As it is mentioned in the introduction part in 1975 while chair man of the economics department at chittagong university, professor yunus came across an old village women who made bamboo herself, she borrowed from a local money lender at exorbitant interest rates; in the end she was making just tow cents A day. Yunus lent out a total of 28 to 43 villagers in the same situation at honest interest rates: This proved enough to help them shake off the middle men and attain self-sufficiency. He reasoned that if they could work for themselves rather than for others, they could retain the surplus now appropriated by others also that was missing was the credit necessary for working capital or tools. Bankers Scoffed at his idea of leading to the poor and said he was creasy: illiterate land less peasants could never and would never pay back the loans. Yunus restored to his personal funds and money was duly repaid, thus began the Grameen Bank project in the village of Jobra in 1976. The program developed over few years and in 1983. It was transferred by government oridince in to Grameen Bank, a special by government oridince in to Grameen Bank, a specialized financial institutional fund of agricultural development, and the united nations childrens have proved provided million of dollars. Grameen Bank now has over 500,000 members in more than 10,000 villagers and has disbursed over \$ 100 million since 1976. Yunus believes that development should be approached as a human right issue rather than one of plain economic growth where it is assumed that any improvement

in the national economy would survey benefit the poor.² (Muhammed Yunus, Feb 1991)

The philosophy of professor Mohammed Yunus i.e giving micro financing Services at Grameen Bank to persons who can offer no collateral is not only restricted in Bangladesh. The philosophy has spreaded over the world in both developed and developing countries like America and Ethiopia respectively. Micro financing Philosophy was introduced in Ethiopia through the chancler of international Bank and the government agreement in 1986 E .c. The purpose of the philosophy is to empower the poor people and by lending money to those who can offer no collateral and to make them to satisfy his/her self, his /her family and finally to raise the development of the countries economy by lenting them out from the exorbitant tax rate which is imposed by the local money lenders. But even if the philosophy introduced in 1986 EC in Ethiopia, it has not spreaded its diminution to all parts of the country.

FACTORS OF CREDIT

This article tries to annotate the elements of credit which almost vanished away during the command economy. It may also help us to keep up with regreous discipline of credit system in the market economy, because credit, in the banking profession, with its value system and goals, it and in the total environment as the apex in the frame work of banking activity. In similar vein, it can widen over horizon and understanding of all the reunification of credit terms which have to be relaxed in eight with the new economic policy.

CREDIT INVESTIGATION.

Credit investigation is used to provide and verify vital information which is desirable in making a credit decision. It is also important to know when sufficient credit information is available relative to credit line.

Therefore granting credit depends on the faith and which the banker places in a borrower. But, the borrower's ability to pay back involves impersonal as well as personal factors. The personal factors may be described as a business capacity of the debtor. This personal factor is the marketability of the customer's product.

The primary factors of credit granting are based on six essential elements, called the 6C's of credit, VIZ: character, capacity, capital, collateral, confidence and credit.

1. Character:-

"Character is what you are in the dark", said an American evangelist called Dwight Moody. Indeed, character is a critical criterion in our consideration, because the bank lends money to human beings, and people do not usually have audit balance sheets. Character is a very limiting factor of individuality. The term is chiefly applied to groups of traits that have social significance and moral quality.

2. Capacity

In weighing credit risk it is very significant to satisfy oneself with the capability and competency of the management of the credit requesting entity. While capacity reflects earning power, it is important that the adequacy of the applicant's income above present debt commitments be determined as well as the applicant's expenditure pattern.

3. Capital ✓

As first used in commerce, capital mean an interest bearing sum of money. But, nowadays, functions of banks and agencies for investment of capital funds grew apace. These changes put in to the force ground of attention, the thought of the capital as investment both active and passive in the credit granting sense, capital is the property risk. It measures the borrowers financial soundness or its financial strength, that nears the applicants must have enough money his business to turn around on.

4. Collateral ✓

According to credit granting context, collateral is any thing of value pledged as additional security (as property or any other pledged deposit) to secure the performance of contract or the discharge of an obligation is fulfilled.

An essential condition of the extensive use of credit is the extensive of suitable security for debt either through the fruid or negligence of he debtor or through the failure of the debtors assets.

5. confidence

Banking is a high trust of finance. It is a well established firm in taking deposits , holding valuable documents and things in its safe custody boxes , lending money and rendering services which are geared to money transactions. Banking is not just recving and paying out money at a tellerser's ellindour soaring stainless stell and gealses tower rising from the city street the only part of banking that most people ever see. This is of course one of the least important functions, Banking is the core of the business finance sending money to people who have a broad sell and small retail shops in towns at home alike; it is public relation and

counseling, it is advertising and helping people by their homes, vehicles, food staffs etc. It is thus regulating the nations economy. Above all, banking is people and is as much as banking is people, the way the banks operate reflect the imagination of the people connected with them.

6. Credit worthiness

Confidence made up of the a for explained four essential factors; vis character, capacity, capital and collateral, and all in all it looks from the banker's vetting and of customers credit worthiness. (Britu. No53 double issue Feb 1993 by Negussie H. Michale PP11-13)

CHAPTER THREE

METHODOLOGY

The area of the study was concentrated on both micro-financing institution and micro-Enterprise Co-operatives residence in Bahr Dar zone (special)

The population of the study are of two types i.e employees who are responsible for micro-financing activities in the organizations and users of Micro-financing activities living in Bahr Dar. From these population to make the study more fruitful by considering time constraint, to avoid redundancy and unwanted cost expense I am very much interested to use sampling method for users of micro-financing services and census for employees (employees who are working in micro- Enterprise cooperative sections.

Because of the condition that the population of the study are not homogeneous in one micro enterprise cooperatives. I am forced to use both probability and non probability sampling. From non probability sampling I select convinces sampling by supposing that almost all of the co-operatives consists of similar member. and to tackle the problem of heterogeneity I select stratified sampling techniques. In general the sampling techniques looks like this.

From 15 co-operative enterprises the study was concentrated only with in the three micro- enterprise co-operatives. The there samples were selected in a convince way that they almost constitute similar members

70
20
15

of micro-enterprise co-operatives characters of the other co-operatives (micro finance enterprise co-operatives),

From the three samples (the selected three micro- enterprise cooperatives) that constitute 30 individuals each, 15 individuals were selected in each co-operatives. So that , the sample size were constitute 45 individuals (users of micro-financing services). 15 individuals in each co-operatives was not randomly selected, but the members were divided in to two i.e individuals with Job and with out Job previously (before she/he became the member of the co-operatives) This helps to use stratified sampling techniques .

Stratified sampling techniques.

Let us take 30 individuals (members of the co-operatives) in each co-operatives (i.e each Co-operatives consists of 30 individuals .) And divide it in to two groups(by considering persons with Job and with out job before she/he became the member of the Co-operatives). And to arrive at the numbers to be selected in each groups (co-operatives) use the formula:

P_i

N

Where P_i = the no of population with in the stratum

n= sample size

So that, the range b/n two samples is calculated as :

$$\frac{30}{2} = 15$$

15

i.e No assigned (given) to each individuals is one that is form 1-30, so that individuals whose no 1,3,5,7---25,27,29 were selected in each co-operatives.

write

After the samples are identified by using different sample techniques the next activity was gathering of data /information/by using interview questionnaire (i.e the questioner is filled by the interviewer) for clients and unstructured interview for the co-ordination of the co-operatives.

After the data gathered, Cleared and ready to analysis , analysis stage was conducted by considering each and every responses of the respondant. And finally the report had been written on the bases of data gathered and personal Judgements.

To consider the data in to different angles these two standards are used

1. proportionality- i.e the activity of the person and the amount of (comparing the work and the amount of finance the work requires;) money borrowed from micro finance institution proportionality
2. Returnability of the loan

As the projects philosophy:

- ❖ The borrower should pay his/her liability with the interest as , the time schedule designed by the organizer
- ❖ But it says if the borrower returns 78% and above, they consider the loan is returned.

Limitation of the study

- ❖ The time which was given for data collection was not sufficient .
- ❖ Finding each and every members of the cooperatives residences was tiresome

CHAPTER FOUR

RESULTS AND DISCUSSION

FACTS AND PROBLEMS OF MICRO FINANCING ACTIVITIES IN BAHR DAR ZONE (special).

As the data collected from micro enterprise co-operative members and organizers of the enterprise, facts and problems about micro financing activities in Bahirdar zone (special) will be explained.

1. Facts Gathered

1.1 status of the group members

1.1.1 Age Distribution

Based on the data collected from micro financing project users and organizers of the co-operatives, the age distribution is divided in to four age groups. This is for the sake of simplicity. The age distribution groups are shown in the table. The age distribution groups are:

1. Age group between 18-30
2. Age group between 31-40
3. Age group between 41-50
4. Age group ~~between~~ above 50

Distribution of Age group between	Total number (respondant)	(Percentage)
18-30	15	33
31-40	25	55
41-50	5	12
above 50	0	0
Total sample	45	100

As the information given in the table indicates, the members in the co-operative enterprise, whose age is in between 31 to 40 constitute the large number.

The second is the age group between 18-30 and the 3rd group which constitute few members is the age group between 41-50. And no member of the cooperative whose age group is above 50 has been registered. The



above mentioned information indicates that all of the members of the co-operatives are with in the age group of productive power.

On the bases of the afore mentioned information , I can say that the project micro financing activity is trying to make the productive power who have skill, knowledge, etc. But have no working capital (money) to do different activities by leading money at honest interest rate to use their skill, knowledge, etc and produce different products and render services which is important to themselves and the society to satisfy their needs and wants as well as the society. This will contribute a lot to the development of the country

1.1.2. Sex

We know that one of the objective of the philosophy is to participate females with in different activities as their skills and knowledge in the real world situation . And to make them productive. This will lead the country's economy to development. Firstly by satisfying needs and wants of themselves and their families and secondly, by satisfying others' needs and wants in the society. As the philosophy indicates the number or percentage of females with in the co-operatives is 75%. This is also true i.e applicable in Bahir Dar Zone (special).

As the document implies the list of the group members of the Co-operatives in the enterprise which is handed by the organizers of the group in the project, 75 % of the group members are females in each co-operative. This shows that the participation of females in production activity is increasing and even I can say that the project " poverty reduction campaign" which is designed by the government can go with the micro financing projects which has been designed before the poverty reduction campaign.

1.1.3. Educational Background.

Educational status	Proportion from 45 samples	Percentage
Who can read and write	44	98
Who can not read and write	1	2

Educational status of literate members	Proportion from 44 literate people	Percentage
Who can read and write (but not educated in the formal education school)	28	64
Under 12 complete	10	23
12 complete	6	13

The tables shows educational status of the members of the co-operatives in the enterprise .

When I consider the educational status of the members of the co-operatives, I can say that almost all of the co-operatives age literate and a few numbers of age illiterate when I say literate, it consists of persons who can read and write, under 12th complete and 12th complete. From this category;

Persons who can read and write constitute the largest proportion, the 2nd group is under 12th complete and few member of groups are 12th complete. As the information indicates, almost all of the members of the co-operatives are literate. This makes them to accept and apply the

concept of micro financing activities-simply. How they should budget, save their income and pay their liabilities as per the schedule. And their educational status is not only important to apply the philosophy of micro financing but also educational status increases entrepreneur activity by creating different job opportunity to them.

1.1.4 marriage.

Marriage	Total no accounts from 45 samples	percentage
Married	40	88
Unmarried	5	12
Total	45	100

Table that shows the marital status of the group members in the co-operatives.

Large number of the co-operatives are married and few members are unmarried. They said that, (those who (are) married fill more responsibilities than unmarried. There fore I can say marriage has its own impact to facilitate the way to achieve the objectives of the designed project.

1.2 Activities of the members of the Co- operatives before they become members of the Co-operatives

Before they became members of the Co- operatives most of them were having Jobs and few of them where having no Job. Any way, by now all have their own activities (Jobs). But most of the members said, because we have the experience to do our activities we do not have faced that mach problems. But, they said, members who have no job experience previously have faced some problems than those who were having jobs

like attracting and handling customers, lack of producing standardized products or rendering standardized service etc.

1.3. Residence of the member of the Co-operative

Both the members of one Co-operative are live in one (same) kebele as the principle of micro financing project. The principle says" all the group member of one cooperative should live in one /the same/Kebele". Following the principle have made them to know the behavior of one another with in the Co-operatives. This helps the members with in the cooperative for control purpose, to cover their failurities, to develop compromization, to increase honesty among them and to make the project fruit full

1.4. Beneficiaries

Most of them are beneficiaries from the micro-financing activities. But, because of the different natural as well as socio economic factors, some of them are not beneficiaries from the project. Natural factors like the death of their mules, horses, and other socioeconomic factors like consumers may prefer to get there hair mules, horses, and other socioeconomic factors like consumers may prefer to get their hair cut in the place where chairs are best other services are the same (i.e high computational) and seasonal demand of their products because of economic constraint. They said, when we said we are beneficiaries, we can pay our liabilities as per the schedule, satisfying ourselves and our families and including others by supplying the necessary/demanded products or services to the society. And in addition they said self sufficiency and satisfying others will upgrade the development of the countries economy.

1.5. Training

" you will be told with 100 to certainty that the poor have to trained before they can do any thing. The poor cannot budget, they can not save; It is useless to offer any thing to poor women, they have no skills. The poor have skills or they couldn't have been able to serve. They know what to do. All you have to give them is access to capital." This expression shows that training is very important to those persons who have no skills or knowledge of what they want to do.

This indicates how training is very important before they start their activities ,. By considering the above mentioned information, the leaders of the prefect should know that giving training is the responsibilities of them selves. So that on the members of the cooperative should get the information how they can budget and save their income and pay their liabilities as per the schedule.

1.6 the influence of customs and religion on their activities.

As they have said both religion and customs do not have any influence on their activities, rather these helps them to do their activities and pay thier liabilities as per the schedule (i.e. religion bounded).

From this we can concludes that the persons religion practice and involvement in the social offers should be considered during the selection, of persons to be member in the co-operatives. This will contribute its own share partly for the fulfillment of the projects objective

1.7 Skills before they become the members of the co-operatives

In the co-operatives there are persons both who have skills and have no skills before they become to be the member of the Co-operatives. But the number of skilled manpower in the co-operative is larger than have no

skills (i.e 35 individuals have skills and 10 individual have no skills from 45 persons sample of taken). But now both of them have their own skill and this skills make them to be productive by using loan service and reinvesting their income which is obtained from their different activities. Even if luck of skill have impact on paying over liabilities as per the schedule, it doesn't have significant impact in general they said.

1.8. Saving

All the group members of the co-operatives have their own saving account that they are saving weekly in addition to paying their liabilities to the bank. And there are also members who are saving their income in kind and 'Equb' System. In general all the group members of the co-operatives have the idea how to budget their money and save their income.

1.9 Sufficiency their income to all members of their families

When we observe the sufficiency of their income to all members of their families through the use of the loan which is delivered by micro financing institution, more than half of the members of the co-operatives can satisfy needs and wants of themselves as well as their families. But there are also members of the cooperatives still can not satisfy themselves. But they are approaching to satisfy themselves and their families by using the loan and consultancy service from the micro finance institutions.

The reason they can satisfy themselves as well as their family members is by using the loan and consultancy service in the appropriate . And systematic way of budgeting and saving methods that they obtain from training which is rendered by the micro finance institutions and from their previous experience.

As it is mentioned in the above, even if more than half of users of the loan service can satisfy themselves and their family needs and wants, there are also numbers still can not satisfy needs and wants of families because of different reasons.

The reasons are:-

- ❖ Inproportionality of their work and the loan they get from the project
- ❖ Lack of feasibility studies
- ❖ Seasonal demand of their products or services
(seasonal market demand)
- ❖ Nature of their activities
- ❖ Absence of market place
- ❖ The variability of the market demand around their village or town
- ❖ Lack of appropriate knowledge about budgeting and saving system
- ❖ Lack of proper control on their investment

Lack of contingent fund which act as contingent loan provided by the institution to the borrower if contingent and severe problem is happened

1.10 Investment

As it is mentioned previously most of the group members of the co-operatives have their own skill and experience before they become to the co-operatives. They were doing merchandising activities, Maintaining different materials, rendering services (Food and Tea preparation and transportation Service) etc. at the time (i.e before they become the member of the co-operatives), even if they have the interest to expand

their activities, they were not in a position to expand their activities because of financial problem. But now they can expand their activities through those of micro financing services. By now the activity of the members are concentrated on merchandising, rendering services (Like preparation of tea, Tela and food and Transportation), Metal work (maintenance), wood work and animal raising. Still their hope is clear and brief i.e they want to expand their activities (work) through the use of loan services as far as possible and to arrive at the big merchandising activities, industrial activities and large hotel service.

2. Problems that to implement micro -financing Activities

To implement the above mentioned activities and to make smooth micro-financing activities is the main objective of both micro-financing organizations and the co-operatives. But there are problems which hinders the smooth flow of activities of both in the organizations and cooperatives and in between the two organizational structure .

The problems are:

- ❖ In proportionality of their activities and the amount they have borrowed (i.e. the loan is not sufficient to do their activities efficiently and effectively. ✓
- ❖ Problems of working place
- ✓ ❖ Lack of feasibility studies about their activities before they render loan services to the users of the organization of micro finance especially the organizers of the co-operatives. ✓
 - ❖ Lack of inputs
 - ✓ ❖ Seasonal market demand

- ❖ Liability returning period duration (i.e the shorter the duration to pay their liabilities cannot make them to use their money properly). Even if the returnability is more than 78% like the philosophy of the micro financing, ~~But~~ the co-operatives are not comfortable to this shorter period returnability policies. (i.e Payment two wise a week).
- ❖ Weather condition
- ❖ Lack of appropriate knowledge about budgeting and saving system. ✓
- ❖ Lack of appropriate control over their investment
- ❖ Lack of contingent fund which act as contingent loan provided by the institution to the borrower if contingent and severe problem is happened. ✓

3. Is Doing Alone or Together preferable ? they have said, both working alone and together have their own advantage and disadvantage

3.1 Advantages of working Alone:

They argue that, you can do your activities with out any conflict with other group members (this means it avoids conflict) because of absenteeism, having different skills, interests and attitudes. So that working alone is preferable to working together to escape from the conflict.

3.2 Disadvantage of working alone:

You are doing alone and probably you may fail on doing your activities because of different problems like. illness disease injuries on your bodies, financial problems in general and other different problems that

can affect your activities, it might be difficult to you to tackle the problem with in a short period of time. So that working together is preferable than working alone to solve the above mentioned problems. In general they have said that if the behavior of the group members have similarities, similarities in their skills or complementary or substitutability in their activities, have similar status, age groups and similar talency, they will prefer doing together than doing alone.

4. Proposals of the group members of the co-operatives to persons who can not get this opportunities.

They proposed that there are so many peoples (potential workers) who can do deferent activities if they can get this opportunities. So that to satisfy their needs and wants with in different parts of the country Ethiopia and to up grade our economy, the government should stand and participate in this bright full activities to poor people who have no collateral to borrow money in different Banks (financial institutions in general

CHAPTER FIVE

Recommendations as a solution

To the identified problems :

As we have seen ^{there} are problems which hinder to do micro financing activities smoothly, to avoid these problems the following recommendations will act as the solutions for the above mentioned problems. Recommendations are:

To avoid the problems occurring because of inproportionalities, the organization should study each group members properly and give their loan proportional to their activities.

- ✓ To avoid problems of working place, the organization should have contact with the government and try to minimize or solve the problem.

To resist the problem occurring because of seasonal market demand, we can use the task of synchro-marketing (alter the portion of demand), flexible pricing and by introducing additional products or services.

- ✓ To avoid problems arising because of short returning period, by gathering the data and get a brief information about this from the members of the co-operatives, we can elongate the returning period.

To avoid problems occurring because of inappropriate budgeting and saving systems, it is possible to avoid by giving periodic education to all Group members or by coling seminar

To avoid problems in controlling over their investment it is possible to make them to control their investment by giving a brief description about how they have to control their investment.

To avoid problems when contingent and sever problem is happed, to solve the problem the organization should prepare contingent fund to provide contingent loan. The above mentioned recommendations are not the only solutions to the problems identified. So that you (i.e person who are interested to do research in this topic)are required to find additional solutions to the problems.

And finally I would like to recommend the organization to motivate members of the Co-operatives who are act as the leader and as a figure (reference point) . This will lead the organization to arrive at its goal .

CONCLUSION

In general the researcher did his best in identifying facts and problem of micro financing activities as it is mentioned in the previous part. Facts and problems are identified. Identifying what is being done, how big its dimension and how the members awareness towards the philosophy only was not the objective of this research Project but also giving the solutions as recommendation to the problems identified its objective and I did it. Finally I can say that if the project micro finance organizer consider the problems identified and solutions given as a recommendation, they will arrive at there objective i.e making those persons who have skill, knowledge etc. But have no collateral to borrow money from formal financial institutions to get access to money, and do their activities to reduce poverty and to make our country developed in economy.

General Recommendation

In this part I would like to say some recommendations to the department of management and to the research office:

To the department:for the research it should have its own time schedule out of the formal class to make it fruitful. Means that, the student my did his/her research at the time when he/she is doing professional practice, if the topic of the study is approved by the advisor. Or else increasing the no of credit hours in the first semester of the 4th year and reduce the load in the second semester. I think this may solve the problem which we have faced.

To the research office: It is obvious that to do research it needs necessary material and finance. So that by considering these the office should budget sufficient amount of money and material by considering the nature, the location, type of research etc to the project by creating contact with the government and use the result of the research (implementation) by considering its feasibility. This will lead us to change for development. And finally I would like to ask the research office to examine the past how the research was conducted and try to modify the research activity for the future.

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APENDEX 1

**DEVELOPED QUESTIONNAIRE FOR THE PUURPOSE OF
GATHERING DATA FROM MICRO-ENTERPRISE CO-
OPERATIVES**

1. Name of the group member

◆ Age _____

◆ Sex _____

◆ Occupational status. _____

◆ Educational status _____

◆ Marital status

◆ Married _____

◆ Unmarried _____

2. what was your life seams before you came to the member of micro-
Enterprise Co- operatives

◆ Jobless _____

◆ Having job _____

If you were jobless, how did you manage your life

◆ _____

◆ _____

If you were having job what was your activity

◆ _____

◆ _____

3. How do you get the project at the first time

◆ _____

◆ _____

4. How can you get the information about the micro enterprise co-operatives

- ◆ _____
- ◆ _____

5. How did you get your members?

Live in one/ same Kebele or not

6. Do you have knowledge about the individual behavior of the present member before you came to the Co- operatives?

Yes _____

No _____

If yes

how? _____

7. You are the member of the co-Operatives of micro enterprise by now what do you get from the project?

Are you beneficiary?

yes _____

No _____

-If yes, how ?

- If No, Why?

8. Are you trained before doing any thing by using the loan from micro finance

institutions?

Yes _____

No _____

If yes, type of training

9. Does religion and custom influence your activity

Yes _____

No _____

If yes how _____

10. Do you have skill before coming to the co-operatives

Yes _____

No

If yes type of

skill _____

11. Do you return your liability as per the schedule?

Yes _____

No _____

If yes how can you

If no, what Makes you not to pay your liability as per the schedule

12. Do you have borrowed from a local money lender at exorbitant interest rates?

Yes _____

No _____

If yes what was the effect?

13. Is your income sufficient to all members of the family?

Yes _____

No _____

If no how do you manage to cover your expense.

14. Savings

Do you have experience of saving money?

yes _____

No _____

If yes, formal: Bank

Informal: for cash

for kind

Why _____

Equb _____

Idir _____

Others (Specify) _____

If no, why _____

15. Investment

- Do you have any investment?

Yes _____

No _____

If yes. _____

Agriculture _____

Service _____

Merchandise _____

Industries _____

Other (specify) _____

If no, why? _____

Do you have any intention to invest

Yes _____

No _____

Which work do you prefer?

Merchandise _____ why _____

Service _____ why _____

Agriculture _____ Why _____

Industrial _____ why _____

Others specify _____

Y K
O R

17. Do you have any problem to implement the above activity?

Yes _____

No _____

If yes, what are the problems to materializing these activities.

Lack of resource

(specify _____

Governmental Regulation (specify)

- Personal problems

- Others (specify) _____

18. Do you think that doing alone is preferable than doing together/

Yes _____

No _____

If yes, reason _____

If no, reason _____

19. What do you say about the other people who can not get this opportunity?

20. Is there any problem while you organize and get money from the organization?

Yes _____

No _____

If yes what were the problems/

What do you suggest to solve the problem.



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