

***The Impact of Microfinance on financial Services on women Clients’
Socio-economic,poletical and Personal Empowerment: (A Case Study
in Harar Microfinance(HMF))***

***A Research Report Submitted to the School of Graduate Studies of
Jimma University in Partial Fulfillment of the Requirements for the
Award of the Master’s Degree in Accounting & Finance***

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June, 2021

Jimma, Ethiopia

ACKNOWLEDGEMENTS

First of all, I would like to thank God for his mercy and the glory of his grace who allows me to live until today. I would like also to extend my gratitude, respect, and appreciation to Arega Seyoum (PhD), my advisor for his patience, understanding, and constructive advice throughout the preparation of this research. I am grateful also to my co-advisor Million Gizaw (Assistant Professor) for his assistance and support. I greatly acknowledge HMFII and Harari People Regional State Women, Children and Youth Affairs Bureau staff members for their kind cooperation in providing me all the necessary data and information. I would like to praise my family; Tigist Dinku, Misra Aliye, Nathanael, Caleb, and Ruth whose care helped me in every walks of my life. A special note of appreciation is also extended to Nathanael Wondiye my elder son, for his helpful comments and encouragements.

ABSTRACT

It is widely accepted that women are central to rural well-being and national economic development. However, the role of women is hampered by the fact that they often hold low positions in many developing countries. Because of historical and cultural problems, women are also at greater risk of poverty. In addition to being a human rights issue, the current situation of women requires that steps be taken to uplift them. The empowerment of women is also the basis for changing lives at the family and community level. In this regard, the introduction of microfinance is one way to empower women. Therefore, the main objective of this study was to assess the impact of microfinance on social and economic empowerment of Harar women. The study assesses the impact of microfinance financial services on women clients' socio-economic, political, psychological and personal empowerment. For the purpose of data collection 177 women clients of Harara Microfinance were selected using simple random sampling technique. Besides, secondary data source, interviews and focus group discussion were used to strengthening the findings. To analyze the data the study used both descriptive and inferential statistics. According to the descriptive statistics, 163 respondents were responded to the questionnaire out of 177. The data were analyzed using statistical package for social sciences (SPSS) version 22 software. The comparative analysis results indicate that the monthly income, monthly saving and asset accumulated and capital of women beneficiaries were dramatically improving. The responses of the women show that they are empowered in economic, social, political, psychological and personal aspects after joining the Harar microfinance. The logistic regression result revealed that the women age, amount of loan borrowed for the first time, types of business activities undertaken, current capital, current working capital, current monthly income, current monthly household expenditure, current monthly saving and number of employees are significant at 5% level of significance and have been significant in affecting women's empowerment. Microfinance institutions should try to extend more credit facilities to clients to expand their businesses since the study results confirmed that microfinance had a positive impact in empowering women.

Thus concerned body of the region, concerned body of HMFII and woreda level administration body's by cooperation will give attention to increase the activities of the MFI to benefit more beneficiaries.

Keywords: Microfinance, Harari, women empowerment, logistic regression

ACRONYMS & ABBREVIATIONS

AEMFI	Association of the Ethiopian Microfinance Institutions
CCE	Commercial code of Ethiopia
CEO	Chief Executive Officer
CGAP	Consultative Group to Assist the Group
CSA	Central Statistics Agency
EBDSN	Ethiopian Business Development Service Network
ESPS	European Social and Political Studies
ETB	Ethiopian Birr
GDP	Gross Domestic Product
GOE	Government of Ethiopia
HDI	Human Development Index
HMF	Harari Micro Finance
HMFI	Harari Micro Finance Institution
IDA	International Development Association
MDGs	Millennium Development Goals
MF	Microfinance
MFI	Micro-Finance Institutions
NBE	National Bank of Ethiopia
NDP	National Development Program
NGO	Non-Governmental Organization
S.C	Share Company
SDGs	Sustainable Development Goals
SHG	Self Help Group
HPTC	Harar Polytechnic College
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
USD	United States Dollar

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Microfinance refers to the provision of financial services such as deposits, loans, payment services, transfers, and insurance to low-income, and poor people (Oterro, 1999; Ledgerwood 1999; Hartarska, 2005; Mwenda and Muuka, 2004). In addition, Schreiner and Colombet (2001) define small amounts of money as efforts to improve access to small deposits and small loans in poorer households overlooked by banks. In this regard, the Microfinance Center (MFI) has played a key role in promoting self-employment and entrepreneurship by providing financial services to the poor (Ussif and Ertugrul, 2020). In addition, low income inefficiently positively affects the social status of the poor by allowing self-confidence and increasing the ability to participate effectively in society (Dobra, 2011).

Women represent about 50% of the world's population, and in many regions of the developing world, their contribution is enormous in all areas of development. However, various studies have shown that women face social and family discrimination in almost all economic, social and political affairs (Salia, Hussain, Tingbani, and Kolade, 2018). Due to the lack of power, women are not productive and as a result, are unable to contribute significantly to economic development (United Nations, 2018).

The provision of small sums of money has been identified as a means of obtaining credit to make money and livelihoods for women by providing greater communication power within the home and contributing to the well-being of the family (Sharma, 2011). In addition, access to microfinance is also a major source of reduction in domestic violence against women (Hashemi, Schuler, & Riley, 1996 and Murshid, Akincigil, & Zippay, 2016). The World Bank (2015) has indicated that placing resources in women's hands to achieve gender equality in society will lead to tangible progress. Malhotra, et. al., 2002 suggested that, if women receive financial support, they can better serve their families and contribute to building a better future for society. Therefore, microfinance is considered an effective means of empowering women economically. Microfinance has contributed well to decision-making, skills development, family development,

knowledge, confidence, courage, legal awareness, self-esteem, and social status (economic and social status). , and family well-being (Felunini, & Wosowei, 2012). For this reason many MFIs target women (through direct lending and / or Self Help Groups (SHGs)), providing them with financial and non-financial services.

In Africa and other developing countries Microfinance institutions (MFIs) are a major source of income for small businesses (Anyanwu, 2004). In Ethiopia, after the announcement of the establishment of micro-finance institutions in July 1996 various Microfinance institutions were officially registered and began to provide microfinance services. Microfinance women are among the target groups of small-scale financial systems in Ethiopia, and in 2001 they made up more than a third of the total number of customers in small-scale financial institutions in the country (Shiferaw and Wolday 2001). Harari Microfinance Institution S.C. (HMFI) is one of the MFI's in Ethiopia established in 1999 with the aim of reducing poverty and unemployment by providing microcredit and saving facilities for low-income households in the Harari region of Ethiopia.

Therefore, understanding the roles of microfinance programs, in empowerment of the beneficiary women, and obstacles for their participation in the programs, demand empirical research. The purpose of this study, therefore, is to explore the impact of microfinance services on the socio-economic and political empowerment of women of the town empowered through HMFI.

1.2 Statement of the Problem

The active participation of women, on equal terms with men, at all levels of decision-making and political involvement is essential to the achievement of equality, sustainable development, peace and democracy and the inclusion of their perspectives and experiences into the decision-making processes. Despite this, Kumar (2018) states that in the twenty-first century, women are facing obstacles in their socio economic and political participation worldwide. Women around the world at every socio-political level find themselves under-represented in parliament and far removed from decision-making levels. As noted in the Millennium Development Goals (United Nations, 2019), women's empowerment is part of their fundamental right to empower in all areas of social, economic and political affairs, and at the core of gender equality and women's

empowerment. Strategies to increase women's participation in politics have been advanced through conventions, protocols and international agreements for gender mainstreaming, but they are yet to prove effective in achieving gender parity in the highest government rankings (Morobane, 2014).

Ethiopian women who make up about 50% of the population and who make up the majority of the unemployed are the ones most affected by poverty. As the majority of Ethiopian women live in areas where basic public services such as health, education, and other infrastructure are lacking, disease, malnutrition, and illiteracy greatly affect their health and that of their children (SADC, 2019). Thus, although there is general agreement on the role of Microfinance poverty alleviation in various countries, there is limited evidence in Ethiopia for women.

Many of the research done in Ethiopia focused on the role of microfinance in the capital city of the country and the country as a whole. However, the impact of microfinance at the regional level and its impact on women has given little attention by researchers. Besides, even studies involving the impact of Microfinance on women have been evaluated with limited indicators. In addition, many of the revised studies have focused on the analysis of microfinance institutions rather than equally looking at participants' views. Therefore, this study aims to fill these gaps; by investigating the impact of low income on women socio- economic status at the regional level in the Harari region of Ethiopia. In addition, the study aims to identify the strengths and weaknesses of microfinance by taking HMFII as a case study.

1.3 Research Questions

The basic research questions for this study are

- I. To what extent does access to microfinance services affect the management and use of resources?
- II. Is Harar microfinance effective in measuring the impact of HMFII on the five levels of women's empowerment? And
- III. Is Harar microfinance services effective to improve household decision-making capacity of women's clients in Harar town.

1.4 Research objectives

1.4.1 General objective

The general objective of the study is to investigate the impact of microfinance on the socio-economic empowerment of women in the Harari regional state.

1.4.2 Specific Objectives

The specific objectives of this study were:

- i) To assess the impact of microfinance on access to and management of resources
- ii) To measure the impact of HMFI on the five levels of women's empowerment; and
- iii) To assess whether the services provided by HMFI improve household decision-making capacity of women's clients in Harar town.

1.5 Significance of the Study

As explained in the background of the study section and statements of the problem part, this paper examines whether the MFI loan provided to poor women is critical to women's social and economic empowerment. It also provides an opportunity for participants to have a better understanding of institutional performance for poor women from different perspectives.

The results of this study will assist government, policy makers, and financial intermediaries by formulating women focused policy to empower women. The findings of the research will also be used as a base and reference material for other researchers. Moreover, the research will try to highlights the strengths and weaknesses of Harar's Microfinance institution in the context of women's empowerment.

1.6 Scope and limitations of research

The study is only limited to women who take out a loan from the group and are from the Harari Microfinance Institution (HMFI) and due to this, the scope of the study is limited to the impact of microfinance on socio-economic, political and personal empowerment of women clients in Harari regional state. Hence, generalization of some facts and findings of the study may be limited to the specific institution considered in the undertaking

1.7 Organization of the document

This paper was organized into five chapters. The first chapter presents the background introduction, the purpose of the research, the importance of the research, the scope, The second chapter presents a critical review of related texts that are relevant to understanding the subject matter in depth. Chapter three deals with the research process, which includes the data source and method of data collection received, demographics and samples, questionnaires, research categories and data analysis strategies to be used. The fourth chapter contains the results and analysis with summarizes the key findings of the study and the fifth chapter provides conclusions and recommendations. This paper will end with a list of references, as well as collection tools.

CHAPTER TWO

REVIEW OF LITERATURE

2.1. Theoretical Framework

Theoretical framework is the basis on which all research is based. Identifies the network of relationships between variables considered essential in the study of a given problem. The diversity depends on the social and economic empowerment of women which can be measured by the construction of a simple index.

The social and economic empowerment of women will be measured by the above-mentioned economic indicators. The study outlines three breakthroughs (social, family, and women's psychological approaches) that address six indicators: (education, educational freedom, economic contribution, economic freedom, housing and decision-making, visual perception, and health) to directly influence the situation. The index will be built using all of these indicators. All of this empowerment is among the most important indicators of women's social and economic empowerment by providing equal tools for each response to a developed index.

2.1.1. The Concept of Empowerment

The concept of empowerment is a branch of human development and began to emerge in the late 1980's. The word Empowerment does not have a clear definition, and different writers and researchers describe the world in different ways. In the following sections, important explanations are presented to various authors and researchers.

According to Kabeer (1999), empowerment is about the ability to make informed decisions about life and has three components: resources (defined not only to include access but also to future applications for material, human and social services); agency (including decision-making process and unparalleled representation of agencies such as negotiation, fraud, and deception); and success (social outcomes). Similarly, Kishor, (2008) defines empowerment as empowerment which means increased control over women in their health, bodies, and environment. Kishor also emphasizes that, in discussions on women's empowerment, the emphasis is on women's role in

decision-making, their economic confidence, and their legal rights to equality, property and protection from all forms of discrimination in addition to barriers to accessing services such as education and information.

In “Empowerment in practice from analysis to implementation” Alsop, Bertelsen, and Holland, 2006 define empowerment as a process of developing human capacity to make decisions and then transform those decisions into desired results. Similarly, in an article written in 2002 entitled "Empowerment and Poverty Alleviation" by Narayan, the definition of empowerment is considered to increase the freedom of the poor to choose their own way of life.

Bennett (2002) quoted in Roshani Dangol (2010) defines empowerment as “the development of the goods and skills of various individuals and groups to participate and respond to the instructions that affect them”. Bennett also emphasized among the various vulnerable groups such as the poor, the racist, the minority etc., women are a crossroads with all these groups. Likewise, empowering women means that women have the ability and skills to perform tasks similar to their male counterparts but have less authority to do something in their beginning. It requires the adoption of various national programs and policies that affirm their right and authority to participate in all developmental and economic activities carried out in the community, or nation.

Kabeer, one of the leading authors of empowerment, defines this concept as the process by which those who were denied the power to make decisions acquire that ability (Kabeer 2005). According to Kabeer there are three different levels at which empowerment can be achieved or failed;

- 1) Agency, which deals with the process by which decisions are made and applied. To make such choices, a person must be able to make such decisions. However, according to Kabeer, this scope is influenced by institutional factors especially social and cultural practices. So in order to be empowered, one must have the ability to challenge current cultures. Inglehart and Norris (2003), argue that where traditional values exist, women are not only limited by society in terms of the opportunities they need but also limit themselves. Therefore, cultural change is a necessity for empowering women.

- 2) According to Kabeer the second aspect is resource utilization: this is related to the way you use the agency. These resources can be distributed through various institutions and community relations. What you should note here is how much resources are available. For example, if women's access to resources depends on the family member, her choice to have such resources is limited and depends on that family member.
- 3) Having access to resources, women can make decisions about the kind of life they want to live. This brings us to a level of success. Kabeer describes success as "the level at which women are empowered to achieve or fail". These achievements, however, should lead to the liberation of women without simply meeting their survival needs. Oxaal and Baden (1997) argue that, with the increasing tendency of many development workers to assume that increased access to resources or decision-making capacity in one area, there will be instantaneous change in other areas. For example, the provision of credit to women may not increase women's resource management and negotiation capacity, but the context in which this debt is disbursed is what makes it meaningful. It will be difficult to simplify debt among women in a situation where the organization's culture is biased it depends on the participation of women in decision-making. This means that it is not just about debt, but also about the structures and processes by which credit will be used or acquired. For that reason, Oxaal and Baden (1997) suggest, "Empowerment is demonstrated by assessing the level of people's participation in decision-making and decision-making processes that affect their lives".

2.1.2. Types of Upgrading

As the concept of empowerment is individual, its nature is also unique and unique and is understood differently by different scholars in different contexts. However, for the purpose of studying the researcher looks at the most common forms of empowerment, which are used and identified in many textbooks.

i) Economic Empowerment:

Women's economic empowerment is the process of achieving equal access to women and managing economic resources, and ensuring that they can use them to gain increased power in other areas of their lives (Taylor and Perezniето, 2014). Its success is now at the forefront of

international policy in view of its potential contribution to the sustainable development goals (SDGs), as evidenced by the convening of a dedicated UN Secretary-General's dedicated panel to strengthen progress in the region. This focus can support the aspirations of Agenda 2030 on growth and decent work, poverty reduction, welfare and human development. Benefits of the Organization and Families are well established: Economic development for women has led to increased investment in education and children's health, and reduced poverty in the home (World Bank, 2012; 2013). Women's economic empowerment refers to women's access to savings and debt and gives them a greater economic impact on decision-making in both financial activities. Debt management and savings management will allow them to improve their own and that of their families (Mayoux 2000). SIDA (2009) defines "women's economic empowerment as a process that enhances women's real empowerment over economic decisions that affect their lives and social priorities." Desta (1999) notes it as "the economic independence of women; access and management resources are operational; planning to challenge gender discrimination in relation to access to resources, information market, etc. ". Economic empowerment puts women on a solid footing and empowers them, as well as men, to build a society; to contribute to development at all levels of society, and to make decisions that improve their families and their lives. According to Mohammad and Mohammed (2007), economic empowerment refers to the growth of financial resources which means increased revenue, savings, costs and self-employment. Women are economically powerful where they have the power to manage resources, use them at will, work for themselves and their families, and make decisions on financial matters (Mohammed and Mohammed 2007).

ii) Community empowerment:

Community empowerment is seen as developing a sense of independence and self-reliance, working independently and collaboratively to change social and institutional relationships and discourses that leave poor people out and keep them poor. Empowerment of the poor, and their ability to hold others accountable, is greatly influenced by their individual assets (such as land, housing, livestock, savings), and the power of all kinds: human beings (such as health and education), social (such as social participation, self-awareness, and leadership relationships) and mental behavior (confidence, self-confidence, the ability to think and long for a better future). Also important are people's assets associated with power, such as voice, organization, representation and identity. Community empowerment is seen as a process by which people

regain their energy, the power to shape their lives and influence the course of events around them. They use their power to fight oppression, peace and human rights (Krafts 2000). He also recognizes that this power is not "Power Over", or power, but the power to have and do, "Power with" others can be used to change stressful or non-energetic situations.

iii) Social empowerment

According to Mohammad and Mohammad (2007) refers to the awareness of women being abused and dominated by men in various parts of the developed world. In general, social empowerment is associated with the involvement of people in various political and social institutions, the influence of decision-making and freedom of movement. Other factors included in community upliftment are the increase in the use of contraceptive methods and participation in various social and political forums.

Most small business programs cater to women for the specific purpose of empowering them. However, their basic location is different. Some say that women are among the poorest and most vulnerable. Some believe that investing in women's empowerment gives them the ability to make choices, to be vulnerable to them, and to contribute to greater economic growth and development. Another source of evidence from the literature is that increased access to women's resources leads to higher family well-being, especially for children. Finally, an increasing number of microfinance institutions discriminate against female members as they believe they are better and more reliable lenders and thus contribute to their financial performance (Robinson, 2001). Another issue that defines women's preference for their efficiency and sustainability. Women believe they are better at paying and cooperating records. The pay rate for women also exceeds that of men and their outstanding arrears and loan rates have a significant impact on the efficiency and effectiveness of institutions. Equal access for women to financial services is also a human rights issue (Meron 2007).

2.2. Women Empowerment

In the context of women's empowerment it has long been recognized by international development organizations, which in turn, including empowerment, and how it is measured, is discussed in development literature. However, no major development organization has developed an easy way to measure changes in empowerment. And small credit unions do not have the same

approach to tracking whether their programs empower women. In different studies and writing the empowerment of women has been considered and interpreted in various ways such as, independence (Dyson & Moore 1983; Basu & 1991; Jeejebhoy & Sathar), agency and status (Gage 1995; Tzannatos, 1999), local economic power (Mason, 1998) , negotiating power (Beegle et al., 1998; Hoddinott & Haddad 1995; Quisumbing & de la Briere 2000), Power (Agarwal, 1997; Beegle et al., 1998; Pulerwitz et al. 2000), ancestry (Malhotra et al. , 1995), gender equality (World Bank, 2001a & 2000b).

The definition of empowerment is a course of action that women take ownership and control of their lives by adding to their choices. It is, therefore, a process of gaining the ability to design life-sustaining options in a framework in which this ability was previously abandoned (united nation, 2001)

Sen and Batliwala, (2000 quoted in the Ethiopian Institute of Human Studies (ESPS), 2008) describe women's empowerment as the process by which women gain greater power in their health situations. ESPS's continuation emphasizes that women's empowerment is a multi-faceted concept, aimed at measuring women's ability to manage resources, her ability to choose and different indicators. Until recently, variables such as education and employment were often used to capture power and other related concepts as well as the independent status of women. The empowerment of women is the third of the eight-thousand-year development goals set by the United Nations, in an effort to achieve development in the developed world. As a result, women's empowerment has become a key element of development strategies in many developing countries. However, its effectiveness depends on many factors, considering the fact that empowerment itself is a multi-faceted, defined and defined concept using many variables.

2.2.1. Microfinance

The expansion of microfinance service assumes lack access to and control over startup loans by poor households (Imai et al., 2010, p. 1760) for initiating business enterprises and economic activities, improve consumption, decide over their choices and, overall, improve their welfare (Harriss-White, 2010, p. 176; Hermes & Lensink, 2007, p. 880). In the last three decades at global levels, unprecedented numbers of microfinance institutions have emerged and grown to serve the poor who were excluded from formal financial services (Aterido et al., 2013, p. 115;

Mullineux & Murinde, 2014, p. 69; Zins & Weill, 2016, p. 48). Provision of financial services helps the poor women to engage in productive activities (Corrado & Corrado, 2017, p. 23; Kersten et al., 2017, p. 345; Murdoch & Armendáriz, 2005, p. 28; Quartey et al., 2017, p. 27). Microfinance has positive spill over effects (Akotey & Adjasi, 2016, p. 391; Hermes & Lensink, 2007, p. 463). Improved access to microfinance credit expands investments in enterprises (existing and new) as well as improves the socioeconomic empowerment of target households and individuals (Banerjee, 2013, p. 504; Chin & Nor, 2016, p. 283; Kersten et al., 2017, p. 337). Ethiopian women entrepreneurs operate their business enterprises under adverse conditions and encounter difficulties in working premises, markets and access to finance, but they also have limited access to non-financial services (IFC, 2014, p. 37), and market information and access to and use of innovative technologies (Gupta & Mirchandani, 2018, p. 228). These difficulties relate to institutional, economic, social, and legal and policy related internal and external government support factors (Leitch et al., 2018, p. 107). UNDP (2008, p. 3) indicated that anti-discrimination laws work for the poor along financial and non-financial services available for women entrepreneurs. Such support can bridge the gap of working capital and lack of business management skills, problems concerning working space and sale outlets as well as access to technology and information. Such policy intervention is demanding. Available literature presents the diverse definitions of microfinance, gender gaps, enterprises and business development services. The contributions of effective microfinance and business development services provided for women helps women to empower in all areas of economic, social and political affairs of the developing countries. (Gupta & Mirchandani, 2018, p. 237; Omondi & Jagongo, 2018, p. 31).

Microfinance and Empowerment of Women

Dhakal & Nepal (2016: 134) define microfinance as a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. It is mostly used in developing economies where SMEs do not have access to other sources of financial assistance. the term microfinance is used to refer to institutions of saving, credit, insurance and money transfer used by relatively poor people. Therefore, Microfinance has been defined as a collection of banking practices built around providing small loans (typically

without collateral) and accepting tiny savings deposits. Rhyne (2011) also added that microfinance is the provision of financial services to the self-employed low-income clients, poor and excluded people enabling them to raise their income and living standards. These services include savings, credits, insurance, payments services, money transfers and social intermediation. They are performed by a variety of institutions, such as credit unions, savings and loan cooperatives, commercial banks, as well as NGOs and government banks. For Robinson, 'microfinance refers to small-scale financial services for both credits and deposits that are provided to people who farm or fish or herd; operate small or micro enterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas' (Robinson 1998 cited in Srinivasan & Sriram 2010). Most small business programs cater to women for the specific purpose of empowering them. However, their basic location is different. Some argue that women are among the poorest and most vulnerable of the poor. Some believe that investing in women's empowerment gives them the ability to make choices, which are valuable to them, and also contributes to greater economic growth and development. Another source of evidence from the literature is that increased access to women's resources leads to higher family well-being, especially for children. Finally, an increasing number of microfinance institutions prefer female members as they believe they are better and more reliable lenders thus contributing to their financial performance (Robinson, 2001). Another issue that defines women's preference for their efficiency and sustainability. Women believe they are better off on their co-payment records. The pay rate for women also exceeds that of men and their outstanding arrears and loan rates have a significant impact on the efficiency and effectiveness of institutions. Equal access for women to financial services is also a human rights issue. (Meron, 2007).

2.2.2. Targeting women under Microfinance

Women are the largest clients of Microfinance systems, which is why less money aims to give women more access than men to empower them and reduce poverty on the shoulders of poor women. There are many reasons why low income refers to women, the following sections highlight why low income is targeted at women

The main reason why small amounts of money are aimed at women is to empower them. According to Getaneh (2010), if a woman's health depends entirely on her husband's income, the breakdown of a marriage could mean catastrophic consequences for women. As a result, she may be more eager to accept her husband's wishes in order to save the marriage from ruin. This weak position of feminism gives a higher hand to the male partner in any decision-making in the house. By placing financial resources in the hands of women, Microfinance institutions can help balance playgrounds and thus promote gender equality.

Another explanation for the growing rate of female borrowers is that of the issue of sustainability. Loan loans are much higher for women than men who borrow from Microfinance institutions (Cheston and Kuhn, 2002). Another reason why low income puts women first is that women are more likely to use their income and resources related to family well-being, maintenance and family needs than their male counterparts. Thomas (1990, quoted in Kahn, 2011) finds improvements in children's and household life "nutritious where nonprofits are in the hands of women rather than men. in Brazil it is growing as the power of women's dialogue is enhanced, and help for women has been shown to create a repetitive effect that improves the well-being of the whole family (Getaneh, 2010).

Another reason why MFI women are targeted, women are less conservative, so they are more likely to work from home and this makes it easier for MFIs to track and monitor investment projects. This argument is also debated in Goetz and Gubta (1996) and argues that women retain their investment and business practices that enable them to choose less risky projects. In addition, the need to identify women is being addressed due to the high levels of women's remuneration and the need to promote women's economic activities. It is believed that increasing women's access to Microfinance jobs will lead to greater economic empowerment by empowering women to make decisions about savings and use of debt to start small businesses, increasing income under their control (Mayoux, 2005).

2.2.3. The socio-economic implications of Microfinance on decision-making

2.2.3.1. Microeconomic Outcome

Women's access to credit is generally believed to lead to their economic development. As a result, small-scale funding for women has been called for by various international and national

organizations because of their productive role in economic development and women's rights. However, many are still skeptical of the ability to provide credit in terms of socio-economic and political. (Mayoux, 2002).

A study by Meron (2007) found that small amounts of money play a significant role in women's economic empowerment. To date, Microfinance women have been called in by various international and national organizations for their productive role in economic development and women's rights (Mayoux 2002). In many developing countries micro-finance programs are being promoted as a strategy not only to fight poverty but also to empower women. The availability of low incomes has been shown to be important for women's ability to earn an income that contributes to the increase in their status and independence. Mayoux (1995) argued that low income programs help poor women to be able to identify themselves outside their families and provide them with experience, strengthen their economic roles, and encourage them to contribute to family income.

Kabeer (1998) noted that studies conducted at Grameen Bank in 1995 show that low interest rates have a positive effect on savings and savings and as a result investments were for long-term borrowers at a new rate of 260% compared to non-members. A study by Meehan (2001) revealed that 60 clients (94%) reported an increase in revenue due to debt receipt even though customer income declined over time. It was pointed out that the availability of Microfinance has contributed to the greater use of basic households. The impact is greater on those close to poverty and increases even during membership or tightening loans as members begin to invest in assets rather than spending (Morduch and Haley 2001). The introduction of small-scale financing in various parts of the world has improved the economic situation at home, improved the supply chain and the segregation of high repayment activities among members.

Berhanu (1999) suggested that women's strengths, their self-esteem, their self-esteem, and their status within the family are closely related to the increase in their income and business ownership. Tsheay and Mengistu (2002) investigate the impact of low income among poor women in Ethiopia. They argue that small-scale interventions have had a positive impact on improving the economic situation of beneficiaries of the micro-finance system. However, there are other issues within the framework of women's empowerment that limit the ability to reduce

low income poverty (Skarlatos, 2004). First of all, the size of the loan is too small to give women the opportunity to make a long-term change in the family. Second, increased access to credit in the same area could affect the market use of products offered by women. This is because poor women often engage in similar businesses. Third, there is the possibility that a successful women's business may have a negative impact on a girl child who may be required to help her mother drop out of school. Women contribute to the overall economic success of small-scale economic impacts on women depending on whether they are able to fully control their borrowing and voice in household decision-making (Goetz and Gupta, 1996)

Therefore, the assumption that access to credit leads to the advancement of women in home decision-making is rarely true. This is because women who get a loan are often unable to access and maintain control. In addition, there are other disadvantages that women face, including the lack of access to information, production resources, and social networking sites that limit their access to and control of resources (Mayoux, 2002).

2.2.3.2. The Social Impact of Micro-finance

In addition to the economic implications, social change is also reflected in the activities of Microfinance institutions (Kabeer 2005). The introduction of small sums of money is expected to lead to social change because women working in groups can achieve what may not be achieved individually. The strategies of the microfinance organization provide the poor with the opportunity to belong to the party of their choice without social or economic development (Kabeer, 2005). This allows you to meet others who share the same experience and share information. Such practices are actually believed to empower them individually and collectively.

Programs with low credit have, in many cases, increased mobility and strengthened networks among those previously incarcerated because borrowers build solidarity through their participation in credit unions and village planning. Research shows that access to credit empowers women by increasing their independence and family decision-making power (Cheston and Kuhn, 2002; Mayoux, 1995). Some argue that women's access to debt may free women from abusive marriage relationships (Mayoux, 2001) and reduce the risk of domestic violence and increased self-esteem (Cheston and Kuhn 2002). Microfinance members are also expected to develop decision-making power over reproductive rights than non-members. These include the

decision to have an abortion, the use of contraceptives, and the number of children and the age of their daughter's marriage. In addition, women's livelihood decision-making has been enhanced by the introduction of loans by women's groups rather than by individual women (Goetz Gupta, 1996).

The International Labor Organization (2003) conducted a study of women entrepreneurs in Ethiopia and the results of the study showed that most women entrepreneurs made independent decisions about the use of income from their businesses, as well as factors affecting their business. Research has further shown that a large number of surveyed women working in small businesses make decisions in partnership with [their] husbands when the decision affects complex issues or where the consent of the husband is required. For example, donating joint property as collateral or disposal of a large asset.

2.2.3.3. Challenges Facing Women With Limited Financial Interventions

While the number of women in debt is growing steadily, and Microfinance sponsors support and hope for women's empowerment through low income (Noreen, 2011, Mayoux, 1999), critics of the statement say that debt alone cannot solve the challenges women face. , if nothing else can be done around his growth as a person. Research has shown that women face many challenges in accessing and using their loans. Some of these challenges can be linked to their individual strengths while others depend on where they live. Individually, Oxall and Baden (1997) argued that women should be empowered first and then external support and interventions such as support from Microfinance institutions followed to promote this process. In terms of terms, development agencies should not claim to empower women (Oxaal and Baden, 1997).

Below are some of the challenges women face in accessing and using credit; firstly the lack of knowledge and experience of how to communicate with lending institutions. Cheston and Kuhn (2002) confirm that women face difficulties in accessing information, social media and other resources they need to succeed in business and health.

This could be due to their limited mobility as defined by the community as having to take care of their homes. Related to the above is part of the culture. The empowerment and weakness of a woman is closely linked to the culture in which she lives.

Fletschner and Kenney (2011) wrote that social norms and roles played by women in their families have a profound effect on the type of economic activities women perform, the technology available to them, the type of people they should associate with, the places they can visit, and actually the potential they can do beyond their capital. In cases where such practices are strictly adhered to, they limit the movement of women, which jeopardizes their ability to access credit information, training, institutions and markets. This ultimately affects the ability of women and those who are unable to engage in business. According to Kabeer (2005), values and beliefs of society and culture are crucial in ensuring equality. For this reason, the process of upliftment must begin with cultural change (Kabeer, 2005). Men in patriarchal societies have long sought to exercise their authority as family heads. In fact, some men want to control their wives' income, while those who admit that women can have a different income plan, use it as an excuse not to provide for household expenses and expenses and instead leave the burden on women. "Some women give their loans to their husbands. In their research, in hunting and Kasynathan (2002) they found that many women were used as postal boxes by their husbands, as they borrowed money and transferred the full amount of their loans directly to their husbands with little or no income.

Oxaal and Baden (1997) argue that many activities and programs that cater for women tend to increase their burden without increasing resource control or decision-making power. Goetz and Gupta in 1996 found that 63 percent of women who took out three small loans studied in Bangladesh used limited or no power at all in using loans. For example in a discussion with women's groups, it was found that 25 members transferred the full amount of their creditors directly to their husbands only to receive the money needed to make their weekly loan repayments. While Rehman (1996) revealed that 40% to 70% of women who have transferred loans to their husbands are experiencing domestic violence due to increasing family problems. In such a situation, how does microfinance's relate to women's empowerment?

Noreen (2011) argues that empowerment is still possible even though it depends on many factors. In her study with Bahawalpur women, such factors as age, husband's education, marital status, and inherited property may determine a woman's empowerment. However these things vary from one another to another and therefore cannot be adapted to all societies. Alternatively Kabeer (1998) demonstrates the success of women's empowerment through the small amount of

money should be based on the role of women in decision-making regarding the use of credit, participation in business and profit making.

Mayoux and Hartl present a focus area like Kabeer (2005), which addresses the need for cultural change. According to them, even if women use their loans to establish economic activities, their job choices and ability to raise their income are severely hampered by gender inequality. They added that women are the most grateful in many areas of home debt and Microfinancesavings, but a larger share of loans are often given to men or women with better business ideas compared to men (Mayoux and Hartl, 2009). It may create awareness among men and can be a solution to gender inequality. This is because according to Noreen (2011), the economic and social status of women, will give them confidence to make decisions at the family level. They can work together for the betterment of the family without leaving all the household chores to the wife, which puts a limit on her departure. If microfinance institutions empower women, they should start with the causes of their own power (community organizations) without addressing their immediate needs.

2.3. Microfinance in Ethiopia

Since the current government took office in 1991, much effort has been made to liberate the financial sector. To do this, a proclamation No. 84/94 was issued, which allows private domestic investors to participate in banking and insurance activities, previously controlled by the government. However, according to Seifu (2002, quoted in Mulugeta 2014) the insurance policy alone did not fully address the financial problems of poor people working economically in rural and urban areas.

The legal framework for the microfinance industry was established in the country with the issuance of Proclamation No. 40/1996 regarding licenses and the monitoring of microfinance institutions in 1996. MFIs established in accordance with the declaration may provide a loan amount of not more than 5,000 birr on the basis of a group guarantee and for borrowers who have joined the membership scheme and a limited rate of non-member loans on the basis of property or other collateral (National Bank of Ethiopia, 2012/13). Another proclamation, No. 40/96 was issued to address the problem of financial services delivery to the poor. Following the issuance of this proclamation, the Ethiopian small finance industry announced a new

proclamation issued in May, 2002 to improve regulation limits on loan size (br. 5000), repayment period (one year), and lending (social security).

Government institutions such as commercial and development banks have also been lending to rural households by purchasing agricultural inputs and implements. The immediate initiative to finance, according to the 1999/2000 annual report of the Ethiopian economy by the Ethiopian economic organization Vol. I., however, was taken over in 1990 when the urban financing program started at the national level with a credit agreement signed between the Ethiopian government and the International Development Association (IDA). The credit plan has been launched. Since 1994 in 59 cities of Amhara, Tigray, Oromia and the Southern Nation State and Peoples Regional state have been scattered, until the end of 1997, a total of 17.3 million birr, 20 percent of which was donated by the government of Ethiopia and 80 percent covered by the International Development Association (IDA), among the more than 34,000 beneficiaries and 65 percent of whom were women (Ethiopian Microfinance Institutions, 2002). The reported recovery rate for 1996/97 of the successful program which provided evidence of successful borrowing by special groups and MFIs was 92%. With regard to the distribution of loans and repayments, Worku (2000) reported that the loan sizes provided to Ethiopian MFIs are modest, estimated at 50 birr to 5,000 birr per client to start using within 7 days and start paying monthly. According to Wolday (2002), all Ethiopian MFIs bring limited and similar types of loan products to copied customers, and their methods and products are "service delivery instead of demand." Haftu, (2004, quoted in Mulugeta 2014) states that Ethiopian MFIs try to advance the thinking and practice of new methods with group size and other processes instead of following the Grameen method.

According to the annual report of the Ethiopian national bank (2018/19), the number of Microfinance Institutions (MFIs) operating in the country was 38. The overall performance of the Microfinance Center during the review was encouraging. Accordingly, their total revenue and total assets increased by 20.3 and 24.1 percent and reached 16.6 billion and 83.3 billion, respectively. Promoting deposit and credit facility services in a Microfinance institution has also seen significant increases. Compared to 2017/18, deposit promotion increased by 26.1 percent and reached 41.9 billion birr. Their credit capacity also increased by 58.7 percent indicating the expanded reach of Microfinance institutions. The same report stated that Amhara, Dedebeit,

Oromia, Omo and Addis Credit and Savings institutions account for 83.4 percent of total revenue, 91.4 percent of savings, 87.7 percent of debt and 88.1 percent of total assets. MFIs end 2018/19.

A study by Sara Noreen (2011), under “a small role in empowering rural women in Bahawalpur City” explores what determines empowering rural women. She uses the empowerment index which uses the five indicators such as decision on child health, education, daily purchases, the choice of a child partner, and the use of a loan made by her, jointly by her husband or her husband only. The results of her research suggested that the empowerment of rural women in Bahawalpur City could be greatly improved by increasing their income-generating activities by providing loans without collateral through a separate Microfinance program. Social and economic decisions for the empowerment of women were also analyzed under her study. Her findings suggest that the level of empowerment of women is unsatisfactory at home level, and age, male education, marital status, infertility, father's assets, and loans are more influential than many other factors.

Thresiamma Varghese, (2011) in her study “Women Empowerment in Oman: Study based on Women Empowerment Index” uses the Women Empowerment Index which could be used for indoor decision making, economic decision index, and women's freedom of movement. The findings of the Women Empowerment Index show that women in Oman have been empowered but still her domestic interest affects her empowerment otherwise women would have been more empowered.

Ismail Tareque and Golam Mostofa (2011), in their study of Women Empowerment or Autonomy: A Comparative View in Bangladesh Context, use the Empowerment index in three specific categories namely, economic decision-making, family decision-making, and physical movement in context. of Bangladesh. Their study shows that there is a moderate level of empowerment of women but the level of independence of women in Bangladesh is low. In addition, their research shows that the level of women's independence is declining with increasing education and that education is increasing women's empowerment but not in a smooth way. Age of women, place of residence, education, religion, media coverage etc. They are important factors that affect the empowerment of women and their independence.

The Ethiopian Society of population studies, (2008) in their study of gender inequality and the empowerment of women, used three methods to measure women's power. Indirect indicators of empowerment include education and employment status, specific empowerment indicators that contain indicators such as involvement in home decision-making, and the final size placed under the empowerment evidence to include two indicators, namely, attitudes towards violence against women and attitudes toward refusal to have sex with a husband. Their findings show that the provision of women at the family level was found to be low in terms of direct and evidence-based indicators that focus on women's participation in local economic decision-making and health issues. Better access to education, working for leadership, living in urban areas, better economic status in the family, better access to the media, and the age of women (old age) are significant contributors to the upliftment of women at the family level. Further analysis of the evidence for women's empowerment indicators for women's self-esteem and independence showed that women's ability at this rate was very low. The highest number of women in the country still accept violence against women for some reason and believe that women have no reason to negotiate or refuse to have sex with their husbands even if there are health risks. Women with better education, working for leadership, living in urban areas, with better domestic economic status, and better access to the media have more power in the sector. Significant differences in all items examined were observed between regions due to cultural differences and the nature of development. Contrary to the above argument, Hossain (1984, quoted in Haimanot, 2007), ruled that Microfinance women who borrow from Bangladesh invested cautiously in risky, ordinary, and less productive businesses. The literature reviewed above presents two contradictory findings namely that on the one hand small amounts of money have a positive effect on women's empowerment and on the other hand some suggest that low income has a negative impact on women's empowerment. Such a kind of misleading conclusion comes as a result of psychological problem, methodological issues, limited or partial evidence, socio-economic and cultural differences (Hirut, 2004).

2.4. Theory of microfinance

Nawaz et al. (2012) found that the use of microcredit has a positive impact on economic and family empowerment, political empowerment and the empowerment of women at each level alike. The theoretical model shows that low spending has a positive effect on four dynamics and

economic, individual, family and political empowerment. The results are consistent with the theoretical model used in this study. Similarly, a study by Sulaiman et al. (2012) find the relationship between low income and women's empowerment in Pakistan. They measured women's empowerment through a variety of factors such as higher education, employment, and women's share in total assets. It has been concluded that there is a positive relationship between women's empowerment and low income. Microfinance is important in promoting women's empowerment by providing them with independence, entrepreneurship, and economic independence. About 50% of the population are women but due to long-established use, practices, and religious barriers, women's participation in economic and business activities is very limited. However it can be seen that a major change has been brought about due to very little money in Pakistan.

In addition, CIDA (2002) acknowledged that microcredit empowers rural women by increasing their role in the family by providing them with successful co-operation with other women, self-esteem, and improved social status. The availability of loans gives them an opportunity to have a say in home expenses and to achieve some business acumen and make them more secure.

Sangeeta and Meenu (2011) pointed out in their research that low income has emerged as a powerful tool for women's empowerment. It can reduce sexual harassment. Microfinance has empowered women successfully by giving them credit for the development of their families. This study came up with a good saving pattern among women but nonetheless, there were many barriers to the way financial assistance was made for women. They pointed out that the provision of 35 women on a large scale depending on women's economic empowerment and low incomes could be a very powerful tool for women's empowerment. Jain and Jain (2012) elaborated on the fact that large amounts of money have played a major role in various growth and gender processes on the grounds that it was directly linked to the fight against poverty and the empowerment of women. Women have played an important role in any society and economy. Microfinanceloans were approved as they helped empower women. It was concluded that rural women were able to vote independently without the guidance of their husbands and their participation in the Gram Sabah meetings also increased. Female participants were able to communicate their views openly to families and groups. They were also free to talk about their problems with banks, officials and the private sector. It was also noted that their responsibility

for decisions regarding children's education has increased significantly compared to decisions regarding savings and spending. The results strongly suggest that on average, there has been significant progress in the empowerment of women.

Sharma (2007) described the impact of low income on women's empowerment. It was established that Microfinance institutions had contact with a small minority of people, but should expand the services available to get better results. It was suggested that in order to expand Microfinance services the government should put in place a conducive environment.

Aruna and Jyothirmayi (2011) examined that large amounts of money had a significant impact on awareness and self-esteem, financial status, and control of consumer decision-making. Through the Women Empowerment Index (WEI) they have found that the productive use of small loans has a significant impact on women's empowerment. Studies have proven to be effective in raising the standard of living of the poor and middle class. However, Microfinance institutions had their limits to reach the poorest people. Financial independence supports and enhances women's empowerment. The study found that Microfinance participation increased customers' income levels. There has been a significant increase in conservation and heritage sites. It had transformed participants from a state of unemployment to work. Microfinance should have played a significant role in the development of the country by working for the poor to meet the needs of improving livelihoods for economic gain and the empowerment of women. Research has also shown that Microfinance jobs have a positive impact on income, assets, employment, savings, and access to credit, awareness, decision-making ability and confidence. The results obtained support a positive relationship between low income and women's empowerment.

Chowdhury and Adiya (2011) have chosen that less money is more likely to be included as a reason for women's empowerment. They announced that in Bangladesh more than 90 percent of Microfinance clients were women. The growing demand for loans indicates the attraction of the program. The findings of the study confirmed that female clients showed more improvement than those who were eligible participants. Under male domination, these women eventually gave credit to their husbands, which would completely eliminate all influences that had created power. Apart from this, one can conclude that in Bangladesh rural women despite their economic

independence were still facing violence from their husbands. They suggested that Microfinance women's empowerment institutions should restore the trust between female clients and their family members over money. Suresh and Lakmashmisha (2013) found that Microfinance participation played an important role in improving women's empowerment, poverty alleviation, and reliance on lenders, the provision of credit providers and savings and financial benefits. There has been a dramatic increase in the development of SHG Bank connectivity. Microfinance programs were restricted to women's loans but the acceptance of loans and the use of loans were a guarantee of improving the financial status of women. It can improve the well-being of poor women in the most developed countries. The Microfinance system in India was gradually approved to empower 39 women. Microfinance has helped lift women out of poverty and has also achieved economic and political empowerment in their families, and in society.

Ruchi (2012) examined the impact of small amounts of money on the socio-economic empowerment of members of the Self-Help Groups (SHGs) in Nainital. He noted that after joining the group, there had been significant improvements in women's property development. Their income level was higher which meant an increase in household spending.

Das (2012) examined the impact of low income on the decision-making power of women within the home, as well as their culture and cultural environment, as well as administrative qualifications. He noted the issue of women's empowerment and empowerment and noted that there was progress in women's decision-making capacity, followed by financial empowerment, awareness of their rights, and the exercise of these rights. You rated SHG as useful imagery to enable. Nawaz (2013) explained that low income has had a positive impact on women's empowerment. Increased women's economic independence and their status in society. The study was conducted in Bangladesh. Both the second and first data were used for analysis. The results announced that small sums of money played a significant role in women's economic, educational, and social training.

2.5 Conceptual Framework

Improvement of poverty in the course of women's empowerment has turn into one of the significant strategies in rising and weak countries of the world during the last few decades. The governments of weak and rising countries of the world tried tough to deal with the dilemma of poverty in the course of various dealings and policies. In India also since the

1950s, the government experimented with various strategies to improve poverty and empower women both socially and economically. More than a few strategies have been modified to deal with the problem of poverty since 1970s. But a huge portion of people are incapable to meet their fundamental needs. Funding is the source of economic growth and credit believes it as its branch. The latter cultivates upright, which facilitates previous to blow up horizontally. In other expressions, speedy growth of financial system depends upon strong and resonance system of credit policy in an economy. The unique quality of microfinance programme is that it centers on women for improvement. With the facilitate of microfinance the situation of a woman recuperates in the family; she receives superior respect in the family than before; she gives in the decision-making and group of people meetings; and she acquires liberty to shift for the betterment of the micro-business. In actuality, microfinance programme develops economic, social, and political empowerment. Empowerment in the position of women's development is a technique of significant, demanding and overcoming obstructions in a woman's life during which she increases her capability to outline her life and environment. It is an active, multidimensional development which should aid women to recognize their full independence and ability in all areas of life. With the policies linked to poverty improvement, microfinance and microcredit schemes take up a central position. Rural micro financing is defined as "all financial services that are accessible to poor and low-income rural households and individuals" (IFAD 2009). The incapacity of the rural formal credit institutions or banks to contract by way of the credit necessities of the poor and women efficiently has lead to philosophy of substitute strategies to deal with the problem of poverty particularly women during 1970's. For the duration of this time some NGOs tested in arranging women into groups, telling knowledge and release of micro-finance to deal with their socio-economic susceptibility, and a humble achievement in that made the state to transfer its strategy additional towards the "group based approach" since the 1980s. NGOs that lived with the group of peoples are strongly observed and examined such women's activities pictured substitute paradigms to alternate the traditional women groups, so as to remind energetic contribution amongst each and every one the members of the women groups..

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Description of the Area

3.1.1. Location

Harari is one of the regions of the Federal Democratic Republic of Ethiopia (FDRE) with 9 woredas and 19 kebeles. The state of the Harari region is located in the eastern part of Ethiopia, about 526 kilometers from Addis Ababa. The region borders with some woredas of the eastern zone of Oromia regional state.

Harar is the capital of the Harari National Regional State. It has 19 kebeles and among these six are urban kebeles. These urban Kebele administrations are Amir Nur, Aboker, Abadir, Shenker, Jinella, and Hakim. The total existing area of the town covers about 2184.77 hectares (excluding the nearby settlements of Miyayi and Deker) of which 1119.64 hectares or 51.25 percent are built-up and the remaining 1065.13 hectares or 48.75 percent is non-built-up area. (Harar Integrated Development plan project, 2008).

3.1.2. Population Distribution

According to the 2019 Census, based on the 2007 Census, the Central Statistical Agency (CSA) has a total population of 257,000. Unlike many other provinces in Ethiopia, the majority of the population lives in urban areas, 145,000 people (56 percent), while the remaining 113,000 residents live in rural areas. The regional capital is the ancient 'city of Harar', a predominantly Muslim city where people do business. As elsewhere in Ethiopia, the rural population of Harari is largely dependent on rain-fed agriculture and small-scale farming.

3.1.3. Population Density

Population density is the average population in an area measured in square kilometers or hectares. The average population density of the district is estimated to be 534 people per km²; while an estimated average size of 6,012.4 square kilometers and 222.5 per km² in cities and

rural areas, respectively. Jegul, part of the city's history covering about 1km² and covering 7 cubit (1-7) has an estimated population of 40,303 (BoFED, 2006).

3.1.4. Economic Situation

The number of people participating in the economy was 49,174 from 39,625 people working in various sectors and the remaining 9,549 were unemployed working people in the city of Harar (CSA, 2010).

3.1.5. Infrastructure

Since the Harar region is one of the smallest in the country, the infrastructure is almost satisfactory. There are modern postal and telecommunications services including the Internet, mobile and telecommunications services, and 24 hourly power supply (BoFED, 2006).

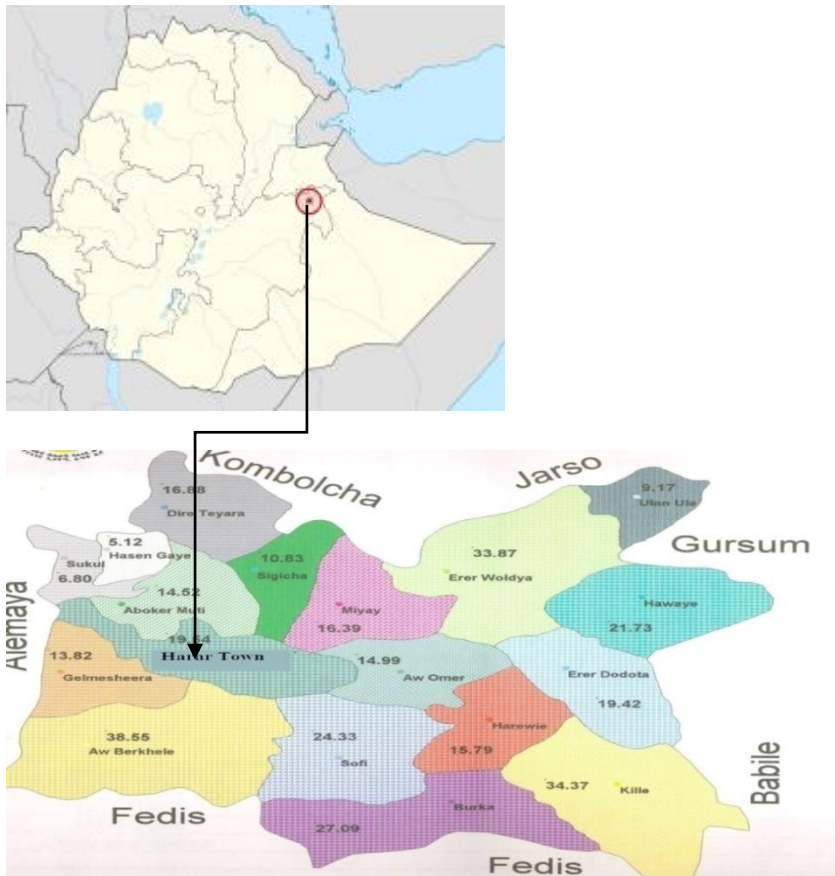


Figure 1 Harari Region with Administrative Area in Km²

Source: Harari Regional Atlas

3.2. Data source and data collection method

The study used primary and secondary data. From the secondary data sources, the study collected information from books, journal articles, previous studies of researchers and / or academics locally, and other online resources as well, as they provide more detail and latest in the field of study. Key data were collected from female respondents who receive Microfinance services from HMFI through a structured questionnaire. In addition, to strengthen the effect of the questionnaire, semi-structured interviews were conducted. The questionnaire were prepared in English and translated into local languages Amharic and Afan Oromo for the purpose of facilitating data collection.

3.2.1. Target Population and Sampling Techniques

All women clients who have benefited from Harari Microfinance Institution SC and have at least two years of experience were considered for data collection. These clients were selected based on the assumption that they have experience in the microfinance services. The sample size of the study was calculated using the formula recommended by Yamane (1973). According to a report by the Harar microfinance Center (HMF, 2020), there are 13,328 customers out of these 2,200 were women. As the population is so large, it is very expensive to make a complete calculation of all the women who have benefited from Harar Microfinance S.C. due to time and financial constraints. Therefore, representative samples of women were selected using simple random technique. Simple random sampling was selected to give equal chance to all respondents. The lists of clients were collected from the Harari microfinance and the respondents for the survey was selected based on lottery methods.

3.2.2. Simple random sampling technique

Simple random sampling, which is one of the probability sampling methods, which was employed for this study. Each woman clients of the HMF were considered as a sampling unit and by using a random number table the respondents were identified. Moreover, a purposeful sampling method was employed to conduct a focus group discussion and in-depth interview, for qualitative data. Purposive sampling were employed due to the reason that the researcher

intended to get detail information related to the impact of microfinance. Therefore, staff of the HMF and senior members of the microfinance were selected for the focus group discussion.

3.2.3. Sample Size determination

The sample size of the study was calculated using the formula recommended by Yamane (1973). According to a report by the Harar microfinance Center (HMF, 2020), there are 13,328 customers. Of these numbers, 2200 are women who have been members of the Institute for more than two years. Therefore, based on the formula the researcher selected 177 women participants in the HMF microfinance program. Below is the formula used to calculate the sample size:

$$n = \frac{N}{(1 + Ne^2)}$$
$$177 = \frac{2,200}{(1 + 2,200(.072)^2)}$$

Where n is the sample size(women selected as the respondent), N is the total population(total HMF women client=2200) , and e^2 is the probability of error($e=0.072$).

Furthermore, 20 focus group discussants and 10 in-depth interview participants were also selected using purposive sampling technique.

3.3. Methods of Data Analysis

To analyze the data collected through questionnaire both descriptive and econometric methods were employed.

3.3.1. Descriptive statistics

Descriptive statistics such as percentage, mean, frequency and cross tabulation were used to develop and perform analysis and interpretation of the research outcome.

3.3.2. Binary Logistic Regression model

Since logistic regression calculates the probability of success over the probability of failure, the results of the analysis are in the form of an odds ratio. Logistic regression determines the impact of multiple independent variables presented simultaneously to predict membership of one or other of the two dependent variable categories.

In order to assess the impact of microfinance on the socio-economic empowerment of women in the Harari regional state the logistic regression model was used. The logistic regression model is a model that predict binary outcome dependent variable with one or many explanatory variables (August, A., 2018). This model formulates the logit of the probability p that a women is empowered due to participation in microfinance. The binary logistic regression analysis presents as follows:

$$\ln \left[\frac{P(Y)}{1 - P(Y)} \right] = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k$$

$$P(Y) = \frac{e^{\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k}}{1 + e^{\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k}}$$

Where:

$\ln \left[\frac{P(Y)}{1 - P(Y)} \right]$ is the log (odds) of empowerment-status

Y is the dichotomous outcome (if Y = 1, women empowered due to microfinance and if y = 0, women not empowered (not empowered))

X1, X2,.....,Xk are the predictor variables presented in table 1 below

$\beta_0, \beta_1, \beta_2, \dots, \beta_k$ are the regression (model) co-efficient

Table 1: List of Dependent and Independent Variables

Variable	Variable Description
Dependent Variable	
Women empowerment	Women empowerment is a dichotomous dependent variable, takes the value of 1 if the respondent were empowered otherwise, 0.
Independent Variables	
Age	Age of the Respondent
Marital status	if Unmarried=0, Married=1, Divorced=2, Widow=3
Educational Level	Educational level of the participants
Family size	Number of family members
Sector	Type of sector involved
Initial capital	Start-up capital when joining MFI(Household's income level before taking microfinance)
Current capital	Current capital of the respondent
Experience	Duration in an microfinance programme(Number of Years)
Monthly income	Monthly income of the women
Monthly household Expenditure	Monthly household expenditure of the women
Monthly saving	Monthly saving of the women
Number of employees	Number of employees

3.3.2.1. Model interpretation and adequacy testing***Odds Ratio***

The odds ratio is used to interpret the logistic regression analysis results. The odds are defined as the ratio of the probabilities for the two possible outcomes (the probability of success by the probability of failure). That is;

$$\text{odd} = \frac{p}{1 - p}$$

The odds values are non-negative, with a value greater than one when success is more likely than failure. The odds ratio (*OR*) is defined as the ratio of the odds for $Y = 1$ to the ratio of $Y = 0$ and is given by;

$$\text{Odds ratio (OR)} = \frac{\frac{p_1}{1-p_1}}{\frac{p_0}{1-p_0}}$$

An odds ratio less than 1 indicates a negative relationship between empowered and non-empowered women and an odds ratio greater than 1 indicates a positive relationship and an odds ratio equal to 1 indicates no difference between the empowered and non-empowered group.

The Hosmer–Lemeshow test

To assess the goodness of fit of the model the Hosmer–Lemeshow test is employed. The null hypothesis is that the model is adequate to fit the data. We will not reject the null hypothesis that there is no difference between observed and model-predicted values, if the p-value for the Hosmer-Lemeshow goodness of fit test is greater than 0.05. This implies that the model estimates are adequate to fit the data at an acceptable level (Hosmer and Lemeshow, 2000)

The Likelihood Ratio Test

The likelihood ratio test is a general test to compare two models, a full model (L_1) and a simpler (reduced) model (L_0). It tests that the parameters in the full model are equal to zero. The test uses the likelihood function. The maximum likelihood estimates maximize this function.

The likelihood-ratio equals:

$$G^2 = -2[\log(L_0) - \log(L_1)]$$

A significance level at 0.05 level or less means the reduced model with the explanatory variables is significantly different from the one with the constant only. It measures the enhancement in a fit that the explanatory variables make compared to the null model. Chi-square is used to evaluate the significance of this ratio. When the probability is unable to reach the 0.05

significance level, we do not reject the null hypothesis that knowing the explanatory variables has no more effects in predicting the response variable.

The Wald test

The Wald statistic is used to test the significance of individual parameters in the logistic regression. It is used to test the null hypothesis that $H_0: \beta_i = 0$ against $H_1: \beta_i \neq 0$. The Wald test statistic is defined as:

$$W = \left(\frac{\hat{\beta}_i}{\text{se}(\hat{\beta}_i)} \right)^2$$

$$i = 1, 2, \dots, k$$

Under the null hypothesis $w \sim (0, 1)$. When the computed value of $|w| \leq Z_{(1-\frac{\alpha}{2})}$ we do not reject the null hypothesis, while if $|w| > Z_{(1-\frac{\alpha}{2})}$ then the null hypothesis can be rejected at the given alpha level.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1. Introduction

This chapter presents and discusses the statistical analysis results of the data collected from the survey and the secondary sources. Data were collected using structured questionnaire and the questionnaires were filled by trained data collector. Data were analyzed using SPSS v. 22.

4.2. Socio-Economic characteristics of the respondents

4.2.1. Age of the respondents

The distribution of the age of respondents who participated in Harari microfinance is presented in table 2. Age is a formative and encouraging aspect to inspect the respondent's interest towards joining in microfinance. In addition age is predictable to have positive consequence on women empowerment as confidence and independence are unspecified to increase with age.

Table 2: Age distribution of the respondents

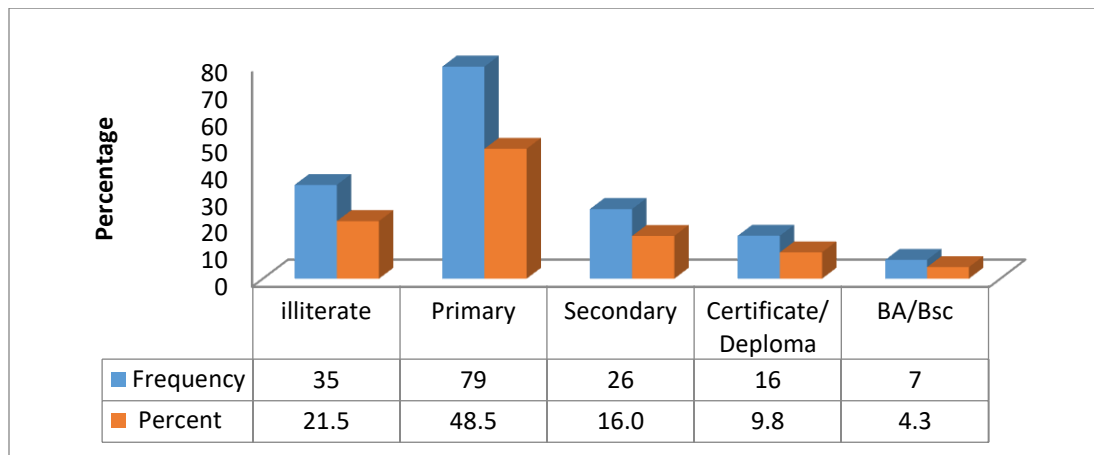
Age Category	Frequency	Percent
Less than 20 years	1	0.6
20-30 years	36	22.4
30-40 years	59	36.6
40-50 years	57	35.4
50-60 years	8	5
Total	161	100

Source: SPSS Output from own Survey Data, 2021

According to Table 2 majority (36.6% and 35.4 %) of the respondents were belonged to the age groups of 30-40 and 40-50 years respectively. From the table it can be seen that the only 0.7% the respondents belonged to the age group of less than 20 years. 22.4% of the respondents belonged to the age group of 20-30 years respectively. From this it can be noticed that most of the respondents are of adult age group managing household and other activities.

4.2.2. Educational level of the respondents

Education attainment is another important determinant factor for socio-economic empowerment in the lives of women through access to credit. Figure 1 presents the distribution of the educational level of women participated in Harar microfinance.



Source: SPSS Output from own Survey Data, 2021

Figure 2: Educational level of respondents

Figure 1 shows majority (48.5%) of women are belonged to the category of primary. 21.50 % of women are illiterate. It can be conclude from the figure that the educational level of majority of women participated in the microfinance are illiterate and primary.

4.2.3. Marital status of the respondents

Marital status is one of measures of women empowerment which more likely affects the decision making in the household. Table 3 shows the marital status of women participated in the study.

Table 3: Marital status of women participants

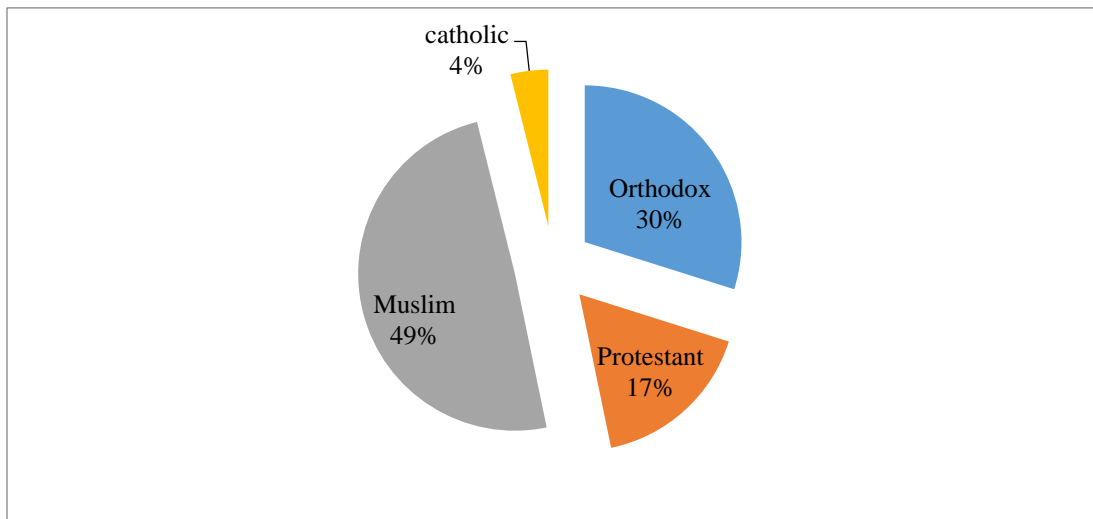
Marital status	Frequency	Percent
Single	27	16.9
Married	114	71.3
Widowed	11	6.9
Divorced	8	5.0
Total	160	100.0

Source: SPSS Output from own Survey Data, 2021

According to table 3, 71.3% were married, 16.9% were single, 6.9 % were widowed and only 5 % were divorced. Therefore, as most of the respondents are married, it clearly shows that women clients are confined with lots of responsibilities.

4.2.4. Religion of the participants

The religion of the respondents was asked in the survey and the figure 2 presents the summary.



Source: SPSS Output from own Survey Data, 2021

Figure 3: Percentage of religion of the respondents

Figure 3 reveals that majority of the clients of the Harari microfinance are Muslim (49%).

4.2.5. Family size of the respondents

Family size is another determinant which affects the women empowerment. Table 4 presents the distribution of the family size of the respondents

Table 4: Respondents Number of family size

Family Size	Frequency	Percent
Less than 2	40	25.2
2-4	53	33.3
4-6	43	27.0
6-8	19	11.9
Above 8	4	2.5
Total	159	100.0

Source: SPSS Output from own Survey Data, 2021

According to table 4 most of women participated in the Harari microfinance have two to four family size(33%). Moreover, 27% of the respondents have four to six family size. This result confirmed that majority of the women clients are more responsible due to large family size.

4.3. Change in income, saving and capital

4.3.1. Income change

Table 5 presents the monthly income change of women before and after getting beneficiary from Harar microfinance.

Table 5: Monthly income of respondents before and after joining HMF

Amount in Birr	Before		After	
	Frequency	Percent	Frequency	Percent
Less than 300	60	36.8	2	1.2
301-500	49	30.1	2	1.2
501-1,000	35	21.5	24	14.7
1,001-1,500	11	6.7	12	7.4
1,501-2,000	8	4.9	49	30.1
Above 2000			74	45.4

Source: SPSS Output from own Survey Data, 2021

The result confirms that majority of women (66.9%) had monthly income below 500 birr before joining the microfinance. Amazingly, after getting loan from Harari microfinance majority of the

women income increased and most of them getting 1500 and above. (75.5%). This result is in line with Tesehay and Mengestu (2002) findings that the microfinance interventions have brought positive impacts in the improvement of economic status and empowerment of micro finance programs beneficiaries.

4.3.2. Saving change before and after

Women’s saving is one of the economic impacts of participation in the micro finance programs(Mayoux (2000)). Table 6 depicts the change in the amount of saving due to participation in microfinance.

Table 6: Amount of saving before and after joining HMF

Saving in Birr	Before		After	
	Frequency	Percent	Frequency	Percent
Less than 100	154	95.7	47	29.2
100-300	4	2.5	68	42.2
300-500	1	.6	9	5.6
500-1000	1	.6	24	14.9
above1000	1	.6	13	8.1
Total	161	100.0	161	100.0

Source: SPSS Output from own Survey Data, 2021

As described in Table 6, the bulk (95.7 %) of women had no saving or less than 100 birr per month. However, after getting the microfinance service their monthly saving were increased dramatically. The results in the table 6, confirmed that 42.2 percent of the women reporting that they save between Birr 100-300 per month.

4.3.3. Initial and current capital

Respondents were also asked to state the size of their initial and current working capital and table 7 gives the summary data.

Table 7: Respondents initial and current capital

Capital (in Birr)	Initial		Current	
	Frequency	Percent	Frequency	Percent
Less than Birr 500	88	59.5	0	0
500-2000	33	22.3	1	0.6
2000-5000	6	4.1	0	0
5000-10000	11	7.4	0	0
10000-20000	7	4.7	9	5.6
Above 20000	3	2.0	150	93.8
Total	148	100.0	160	100

Source: SPSS Output from own Survey Data, 2021

From the table 7, 59.5 percent of the respondents' start-up/ initial capital was less than Birr 500 before getting loan from microfinance. However, the amounts of capital were significantly increased after joining the microfinance institute. Accordingly, 93.8 percent of the women benefited from the microfinance have currently a capital of 20,000 birr.

4.4. Types of Asset Accumulation

In addition of the financial benefits of the clients of Harari microfinance institute, the types of asset accumulated by the beneficiaries were also assessed (Table8).

Table 8: Types of asset accumulated by beneficiaries

Category	Before			After		
	Own	Rent	Income from business financed by loan	Own	Rent	Income from business financed by loan
House	24	96	3	1	16	1
Sofa	5	1	2	1	1	12
Dining Table	5	1	2	0	1	85
Refrigerator	8	2	11	0	0	49
Bed	80	2	1	0	0	58
Matrass	80	2	1	0	0	62
Pillow	80	2	1	0	0	64
Blanket	73	0	1	0	0	68

TV	9	0	1	0	0	105
Tape player	0	0	0	0	0	58
Shop	18	0	3	0	0	93
Radio	0	0	0	0	0	14
Mobile phone	9	0	2	0	0	64
Haney bee	0	0	0	0	0	2
kitchen	47	1	0	0	0	17
Latrine	45	1	0	0	0	15
Bath room	2	0	0	0	0	2
Ornament	0	0	0	0	0	13
Land	0	0	0	0	0	9

Source: SPSS Output from own Survey Data, 2021

As shown in Table 8, after joining the microfinance program they owned different types of new assets such as sofa, dining table, refrigerators, televisions, mobile phone, Ornament, land, tape player, shop and radio. The main explanation for women possession of diverse household assets is due to a change in their income level after they became beneficiaries of the microfinance credit program. Assets owned can be considered both as productive and a sign of economic changes in women lives.

4.5. Impact of Microfinance and women empowerment

Based on the literature reviewed, we focus on examining the effects of microfinance program on key empowerment indicators. The following section presents in detail:

4.5.1. Economic impact of Microfinance

Microfinances have an impact on the economic empowerment of women. Table 9 presents the response of the women clients.

Table 9: Economic impact of Microfinance

Item	Strongly Disagree		Disagree		Agree		Strongly Agree	
	Count	%	Count	%	Count	%	Count	%
The income has increased	0	0.0%	18	11.1%	134	82.7%	10	6.2%
The saving has increased	0	0.0%	25	15.4%	126	77.8%	11	6.8%
Better housing conditions	10	6.2%	18	11.2%	126	78.3%	7	4.3%

Better access to education for children	0	0.0%	21	13.0%	133	82.6%	7	4.3%
Better access to healthcare for children	0	0.0%	19	11.7%	139	85.8%	4	2.5%
Employment opportunities including paid work have increased	0	0.0%	30	18.5%	127	78.4%	5	3.1%
Increased access for borrowing from any relevant source of credit by you.	0	0.0%	23	14.4%	132	82.5%	5	3.1%
Better access to own property and use when needed.	0	0.0%	33	21.2%	113	72.4%	10	6.4%

Source: SPSS Output from own Survey Data, 2021

Table 9 presents that majority of the respondents confirmed that their income and saving were increased due to the involvement in the microfinance credit program (82.7% and 77.8%, respectively). Moreover, the women confirmed that they have better housing condition (78.3%); and access to education (82.6%) and healthcare for children (85.8%) were increased. Women also reported that the employment opportunities, access for borrowing, and owning of property were increased after credit program.

4.5.2. Social impacts of Microfinance

Women beneficiaries from Harar microfinance were also asked to respond on their level of empowerment in social aspects(Table 10)

Table 10: Social impacts of microfinance

Item	Strongly Disagree		Disagree		Agree		Strongly Agree	
	Count	%	Count	%	Count	%	Count	%
Leadership activities increased	1	0.6%	22	13.5%	84	51.5%	56	34.4%
Family planning services Improved	2	1.2%	22	13.5%	79	48.5%	60	36.8%

Making routine household purchases improved	1	0.6%	18	11.0%	84	51.5%	60	36.8%
Participation in social affairs improved	0	0.0%	18	11.0%	81	49.7%	64	39.3%
Your role in women Institutions increased	1	0.6%	14	8.9%	83	52.5%	60	38.0%

Source: SPSS Output from own Survey Data, 2021

From Table 10, majority of the respondents (51.5 %) admit that their leadership level have improved due to their participation in microfinance. Concerning improvements on family planning services, majority (48.5%) of women suggested that there is an increase in utilization of family planning services. The same table shows that majority of the beneficiaries pointed out that making routine household purchases, participation in social affairs and role in women Institutions were improved.

4.5.3. Political impact of Microfinance

Table 11 presents the response of women on different political empowerment issues after joining microfinance.

Table 11: Political impact of microfinance

Item	Strongly Disagree		Disagree		Agree		Strongly Agree	
	Count	%	Count	%	Count	%	Count	%
Awareness of political issues increased	6	3.7%	22	13.5%	126	77.3%	9	5.5%
Decision power in women assemblies	4	2.5%	26	16.1%	126	78.3%	5	3.1%
Ability to publicly voice your opinions increased	4	2.5%	18	11.4%	131	82.9%	5	3.2%
Voting according to own decision increased	2	1.2%	26	16.0%	130	80.2%	4	2.5%

Discussing the problems of local people at any forum increased	2	1.2%	26	16.1%	128	79.5%	5	3.1%
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Source: SPSS Output from own Survey Data, 2021

According to table 11, 77% of women beneficiaries reported that their awareness on political issues was increased. Moreover, 78.3% of the women agreed that the discussion power on assemblies were improved. Beneficiaries were also agreed that their ability to publicly voice opinions and voting according to own decision were increased. In line with this, women confirmed that discussing the problems of local people at any forum were increased after joining the credit institute.

4.5.4. Psychological impact of Microfinance

Table 12 depicts the level of agreement of respondents on psychological benefits after joining the microfinance.

Table 12: Psychological impact of microfinance

Item	Strongly Disagree		Disagree		Agree		Strongly Agree	
	Count	%	Count	%	Count	%	Count	%
Imagination and aspiration to a better future life of the family increased	0	0.0%	16	9.8%	140	85.9%	7	4.3%
The Vision and purpose of your current business increased	0	0.0%	19	11.7%	135	82.8%	9	5.5%
Your self-esteem and confidence increased	0	0.0%	19	11.7%	137	84.0%	7	4.3%

Source: SPSS Output from own Survey Data, 2021

It can be seen from the table 12 that, 85.9% of the women agreed that their imagination and aspiration to a better future life of the family have been increasing after joining the microfinance credit program. Furthermore, 82.8% of beneficiaries confirmed that the vision and purpose of their current business were increased. On the other hand, 84.0% of women agreed that their self-esteem and confidence were increased.

4.5.5. Personal impact of Microfinance

Table 13 below presents the personal empowerment indicators of women after getting financial service from microfinance.

Table 13: Personal impact of Microfinance

Item	Strongly Disagree		Disagree		Agree		Strongly Agree	
	Count	%	Count	%	Count	%	Count	%
Freedom of movement Neighborhood for gossips, market for purchase and sale, school, medical care and family planning improved	4	2.5%	20	12.3%	134	82.2%	5	3.1%
Freedom of movement to other city or village, Cinema, festival or village fair Improved	1	0.6%	21	12.9%	133	81.6%	8	4.9%
Helping your family with your money and visiting Home of relatives/ friends Improved	0	0.0%	22	13.5%	138	84.7%	3	1.8%

Source: SPSS Output from own Survey Data, 2021

As per the table 13, 82.2% of clients of the microfinance responded that they have freedom of movement, neighborhood for gossips, market for purchase and sale, school, medical care and family planning were improved. Respondents of the survey were reported that their freedom of movement to other city or village, Cinema, festival or village fair have been Improved. Moreover, 84.7% of women beneficiaries reported that their roles in helping family members with money and visiting home of relatives and friends have been increased.

4.6. Econometric analysis

Binary logistic single equation regression models were estimated to analyze to determine factors that determine women's empowerment in the microfinance. Accordingly, the logistic model for the study constructed stating that a women is empowered due to the MF services (Y=1) or otherwise (Y=0).

Following Mishra & Dale (1996), Houssain et al. (2004) and Colombage et al. (2008), a Women's Empowerment Index (WEI) was constructed to analyse the impact of microfinance on women's empowerment quantitatively. Accordingly, it is assumed that women's empowerment appears in five domains, namely Economic activities, social affairs, political, psychological and personal affairs. Consequently, the researchers used rating values from the lowest value (1) to the highest value (5). Therefore, women empowerment index computed as follows:

$$\text{Women economic empowerment index} = WEI_{Eco} = \frac{\sum_{i=1}^5 EI_i}{5}$$

$$\text{Women social empowerment index} = WSI_{soc} = \frac{\sum_{i=1}^5 SI_i}{5}$$

$$\text{Women Political empowerment index} = WEI_{pol} = \frac{\sum_{i=1}^5 PI_i}{5}$$

$$\text{Women Psychological empowerment index} = WEI_{psy} = \frac{\sum_{i=1}^5 PSI_i}{5}$$

$$\text{Women personal empowerment index} = WEI_{per} = \frac{\sum_{i=1}^5 Peri_i}{5}$$

Thus, the overall Women Empowerment Index(WEI) can be computed as follows

$$WEI = \frac{WEI_{Eco} + WSI_{soc} + WEI_{pol} + WEI_{psy} + WEI_{per}}{5}$$

Therefore, if WEI is greater than or equal to 3 the women have empowered (Y=1), otherwise the value will be zero. This arbitrary point was selected based on the assumption that, the agree and strongly agree responses merged together to represent "Empowered=1", and disagree and Strongly disagree merged together to represent "Not Empowered=0".

Therefore, the logistic regression model used in this study to estimate the impacts of microfinance on women empowerment is written as follows:

$$\ln \left[\frac{P(Y)}{1 - P(Y)} \right] = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k + e_i$$

Where

Pi = the probability of women empowerment, where Y = 1.

1 - Pi = the probability of not empowerment, where Y = 0.

X = is a vector representing explanatory variables

e_i = is the random error term

Accordingly, the estimation of parameters of binary logistic regression using maximum likelihood estimation is presented in Table 14. This table provides the regression coefficient (**B**), the Wald statistic (to test the statistical significance) and the all-important Odds Ratio (**Exp(B)**) for each variable category.

Table 14: Estimates of the binary logistic single equation model

Variables	B	S.E.	Wald	df	Sig.	Exp(B)
Educational level(illiterate)			3.072	4	.546	
Primary	-2.480	16.257	.023	1	.879	.084
Secondary	-1.746	16.221	.012	1	.914	.175
Certificate/Diploma	5.433	16.436	.109	1	.741	228.946
BA/Bsc	-.254	16.287	.000	1	.988	.776
Age	-.328	.161	4.135	1	.042	.720
Religion(Orthodox)			3.332	3	.343	
Protestant	1.899	2.173	.764	1	.382	6.682
Muslim	2.028	2.683	.571	1	.450	7.602
Catholic	4.334	2.585	2.811	1	.094	76.277
Marital status(single)			.236	3	.972	
Married	-20.744	12096.542	.000	1	.999	.000
Widowed	-19.808	12096.542	.000	1	.999	.000
Divorced	-18.543	12096.543	.000	1	.999	.000
Family Size	1.461	.848	2.972	1	.045	4.312
Monthly income	.000	.001	.049	1	.824	1.000
Amount of loan first time	-0.0002	.000	4.528	1	.033	1.000
Initial capital	.000	.000	.084	1	.772	1.000
Current cumulative capital	.00034	.000	7.775	1	.005	1.000
Monthly Expenditure	-.001	.002	.269	1	.604	.999
Monthly saving	.002	.002	.647	1	.421	1.002
Work Experience(2-5 years)			1.247	2	.536	
From 6-8 years	-11.949	9941.430	.000	1	.999	.000
Above 8 years	-14.733	9941.430	.000	1	.999	.000
Constant	39.556	15657.533	.000	1	.998	1.510E+17

Source: SPSS Output from own Survey Data, 2021

The Wald test statistics in Table 14 shows that age, family size, amount of loan borrowed for the first time, Current working capital, are significant at 5% level of significance, since the p-value is

less than 0.05. These means age, family size, amount of loan borrowed for the first time, Current working capital are significantly affect the socio-economic empowerment status of women participating in microfinance. Age of the respondents: The results of the model indicate that, ages of the respondents are significantly affecting cumulative women’s empowerment at 5 % significant level. The result of the study reveals that, education levels of respondents are significant at 10 %. As the women’s years of education increases in the formal education they become bargain in the household, participate on issues of large purchase of the household and they become empowered personally, being women’s whose are having more formal education in primary education level are considered in the study are as they are literate. The positive relation between educational level and women’s empowerment were consistent with the findings of Sara Nooreen, (2011), Marital status: The marital status that the sample women are live is negatively influencing women’s empowerment at 1 %. The result of the model indicate that, amount of loan of in the HMFI is among the variables which is affecting women’s empowerment at 5 %. This is due, the more women’s are using credit from the institution the more they become bargain in the household issue, participating in finance and purchase and sale of household asset and the more they become personally mobile to involve in paid activities to generate additional income for their household. The result of comparing before and after participating in the HMFI whether the participants are empowered due to they participate in credit programme shows that in all almost all matching estimators participants are more empowered than before because of the credit programme. The result of the model shows that, the microcredit program have a significant effect on women’s clients to become empowered. The p-value also shows that most of the indicators impact on women empowerment is significant at 10 %.

Therefore, the logistic regression model for women socio-economic empowerment will be

$$\ln \left[\frac{P(Y)}{1 - P(Y)} \right] = -.328age + 1.461family\ size + -0.0002amount\ of\ loan \\ + .00034Current\ working\ capital + ei$$

The result of Hosmer & Lemeshow test (**table 15**) of the goodness of fit suggests the model is a good fit to the data as $p=0.312 (>.05)$.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

This study sought to analyze the impact of microfinance services in empowering women in Harari regional state. Microfinance programmes targeting women becomes a major policy of most developing countries to empower women's and also have momentous potential for contributing to women's economic, social and political empowerment. To conduct the study primary and secondary data were used. The study used 177 respondents as a sample from HMFI women clients, among 177 respondents taken for the study 163 of them responded. Henceforth, descriptive results and Binary logistic model were employed to analyze the result. Participating in the credit policy makes women clients to have better access and control over resource, contributing better improvement in their saving and income level. Binary logistic regression model were employed to see the effect of explanatory variables on the cumulative women's empowerment. The result from the logistic regression reveals that the women age, amount of loan borrowed for the first time, family size and cumulative capital are significant at 5% level of significance and have been significant in affecting women's empowerment. Accordingly, the descriptive result of five different matching estimators shows that *the women empowered in economic, social, political, psychological and personal aspects after joining the HMFI.*

5.2 Recommendations

Based on the above conclusions, the following recommendations are suggested:

- Microfinance institutions should try to extend more credit facilities to clients to expand their businesses since the study results confirmed that microfinance had a positive impact in empowering women.
- Thus concerned body of the region, concerned body of HMFI and woreda level administration body's by cooperation will give attention to increase the activities of the MFI to benefit more beneficiaries.
- Accordingly, beyond financial support the contribution of microcredit is essential to empowering women's. more linkage should be made with institutions that are directly working on gender mainstreaming to empower women's along dimension of social,

economically, household, personally and politically. furthermore the institution will see the factors which lead poor women's not to be empowered and providing a better lending strategy which is focusing on effective supervision..

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Annexes

ANNEX-A

JIMMA UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS
DEPARTMENT OF ACCOUNTING & FINANCE

(English version)

Dear respondent,

The purpose of this questionnaire is to collect information for the Masters research entitled “the impact of microfinance on socio-economic empowerment”. The researcher kindly requests you to provide your genuine response. The information you provide will be used only for academic purposes and shall be kept strictly confidential. Therefore, you are kindly requested to give accurate information.

Thank you in advance for your kind cooperation.

Contact address : Wondiye Teferi mobile phone 0915740951 e-mail: wondiyet@gmail.com

Part I: Clients Background Information

1.1. Educational level

01) illiterate 02) Primary 03) Secondary 04) Certificate/Diploma 05) BA/Bsc 06) Msc and above

1.2. Age: _____

1.3. Religion 01) Orthodox 02) Protestant 03) Muslim 04) Catholic

1.4. Marital status 01) Single 02) Married 03) Widowed 04) Divorced

1.5. Work Experience

01) From 2-5 years 02) From 6-8 years 03) Above 8 years

1.6. Family Size _____

Part II: Loan and Repayment

2.1. How did you first come to know about HMF's credit?

01) *HMFI workers* 02) *Friends / Family's* 03) *Media (TV, Radio..)*
04) *Kebele* 05) *Others (Specify):* _____

2.2. Did you ever borrow money before HMFI?

01) yes 02) No 03) if other (specify)

2.3. What was your main source?

01) *Equity* 02) *Friends* 03) *relatives* 04) *Money lenders* 05) *Government projects*
06) if other (specify)

2.4. For what purposes did you receive loan from HMFI?

01. To open my own business
02. To change the business that I was doing in to another business

- 03. To expand my own business
- 04. To furnish my home
- 05. Others (please specify)

2.5. Why do you prefer the loan provision by Harar Microfinance from other Credit institutions?

- 01. Low interest rate than other informal sources of credit
- 02. Steady source of working capital
- 03. Group solidarity and/or group dynamics
- 04. Easier guarantees than other loan alternatives

2.6. How much amount of loan you borrowed for the 1st time from HMFI.....ETB

2.7. Did you spend the entire loan on your intended purposes?

- 01) yes
- 02) No
- 03) if other(specify)

2.8. If your answer for Q. 2.7 is “NO ”Why?

2.9. Was the 1st loan you took sufficient to undertake your intended purpose?

- 01) yes
- 02) No
- 03) if other(specify)

2.10. If your answer for Q#2.9 is NO why state the reason_____

2.11. Business Activities undertaken

- 01. Service
- 02. Agriculture
- 03. Building
- 04. Factory
- 05. Others,Specifay

2.12. How many times have you received loans from HMFI?

	Year of borrowing	Loan size in birr	Amount repaid
First year	_____	_____	_____
Second year	_____	_____	_____
Third year	_____	_____	_____
Fourth year	_____	_____	_____
Fifth year	_____	_____	_____

2.13. How did you take the loan from HMFI?

- 01) Individually
- 02) In group
- 03) if other(specify)

2.14. If it is in group, how many members are there in the group?

- 01) up to 20
- 02) 21 - 40
- 03) 41 - 60
- 04) 61-100
- 05) above100
- 06) if other(specify)

2.15. What is the relation of members to you?

- 01) relative
- 02) Neighbors
- 03) friends
- 04) Both 01and 02
- 05) Both 02 and 03
- 06) All
- 07) if other(specify)_____

2.16. Your Loan Repayment period

- 01) Monthly
- 02) Quarterly
- 03) Semi-annually
- 04) Annually
- 05) if other(specify)

2.17. Did you repay your loan fully to this credit institution without delay?

- 01. Yes
- 02. No
- 03. Others (specify)

2.18. If your answer for Q. 2.16 is “yes” did you repay from the benefit you obtained from activities under taken with the help of the loan?

- 1. Yes, Fully
- 2. Yes, but not all
- 3. No, it is from other source
- 4. If Others (specify)_____

2.19. If your answer for Q. 2.17 is “No” what is the reason

1. I don't have money to repay on time
2. Other members of my group didn't repay
3. I wanted to use the money for other more useful purpose
4. Others (specify)

2.20. The rate of interest of provided by this credit institution is

1. Too High 2.High 3. Normal 4. Low

2.21. What is the main challenge to repay your loan on time?

1. Short repayment period (installment period)
2. Loss in my business
3. High rate of interest
4. Specify if other

2.22. Did you have any income generating activity before you take loan from HMF

- 01) yes 02) No 03) *if other(specify)*

2.23. If the answer for Question 2.21 YES what was your main business activity?

- 01) Petty trade 02) *Manufacturing* 03) Merchandise 04) *Agriculture* 05) service
 06) *if other(specify)* _____

2.24. How much was your monthly income before loan?(Birr

- 01.less Than 300 02. 301-500 03.501-1,000 04.1,001-1,500 05.1,501-2,000
 06. Greater than 3,000

2.25. How much was your monthly saving before loan?(Birr

- 01.less Than 100 02. 101-500 03.501-1,000 04.1,001-1,500 05.1,501-2,000
 06. Greater than 3,000

2.26. How much is your currently monthly saving ?(Birr

- 01.less Than 100 02. 101-500 03.501-1,000 04.1,001-1,500 05.1,501-2,000
 06. Greater than 3,000

2.27. How much was your initial working capital? _____

2.28. Current cumulative capital _____

2.29. Monthly income _____

2.30. Monthly Expenditure _____

2.31. Monthly saving _____

2.32. Number of employers _____

Part III: Economic Impacts of HMF

3.1 The income has increased

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

3.2 The saving has increased

1. Strongly disagree 2. Disagree 3. Agree 4. Strongly agree

3.3 Better housing conditions

1. Strongly disagree 2. Disagree 3. Agree 4. Strongly agree

3.4 Better access to education for children as well as for you

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

3.5 Better access to healthcare for children as well as for you

1. Strongly disagree 2. Disagree 3. Agree 4. Strongly agree

3.6 Employment opportunities including paid work have increased

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

3.7 Increased access for borrowing from any relevant source of credit by yourself.

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

3.8 How do you explain your ability to buy clothing for self and for your children in general?

1. Better before joining the credit program

2. Better after joining the credit program

3.9 Better access to own property and use when needed.

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

3.10 How do you explain the differences (in terms of before and after joining the credit/loan program) in affording to pay for service expenses of electricity and water ?

1. Better before joining the credit program

2. Better after joining the credit program

3.11 How do you explain the differences (in terms of before and after joining the credit/loan program) your decision making for household issues, leadership both in house and at your business and social gatherings?

1. Better before joining the credit program

2. Better after joining the credit program

4. Social Impacts of HMFI

4.1 leadership relation increased

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

4.2 Family planning services Improved

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

4.3 Making routine household purchases improved

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

4.4 Participation in social affairs improved

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

4.5 Your role in women Institutions increased

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

5. political Impact of HMFI

5.1 Awareness of political issues increased

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

5.2 decision power in women assemblies

1. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

5.3 Ability to publicly voice your opinions increased

01. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

5.4 Voting according to own decision increased

01. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

5.5 Discussing the problems of local people at any forum increased

01. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

6. psychological EMPOWERMENT

6.1 Imagination and aspiration to a better future life of the family increased

01. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

6.2 The Vision and purpose of your current business increased

01. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

6.3 your self-esteem and confidence increased

01. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

7. Personal empowerment

7.1 freedom of movement Neighborhood for gossips ,market for purchase and sale, school ,medical care and family planning improved

01. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

7.2 freedom of movement to other city or village, Cinema, festival or village fair Improved

01. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

7.3 Helping your family with your money and visiting Home of relatives/ friends Improved

01. Strongly disagree 2. Disagree 3. Agree 4. strongly agree

Logistic Regression SPSS Output

Case Processing Summary

Unweighted Cases ^a		N	Percent
	Included in Analysis	142	87.1
Selected Cases	Missing Cases	21	12.9
	Total	163	100.0
Unselected Cases		0	.0
Total		163	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding

Original Value	Internal Value
no	0
yes	1

Categorical Variables Codings

		Frequency	Parameter coding			
			(1)	(2)	(3)	(4)
Educational level	Illiterate	29	1.000	.000	.000	.000
	Primry	68	.000	1.000	.000	.000
	Secondary	22	.000	.000	1.000	.000

Religion of the respondent	Certificat/Deploma	16	.000	.000	.000	1.000
	BA/Bsc	7	.000	.000	.000	.000
	Orthodox	42	1.000	.000	.000	
	Protestant	22	.000	1.000	.000	
	Muslim	72	.000	.000	1.000	
	Catholic	6	.000	.000	.000	
Marital status	Single	23	1.000	.000	.000	
	Married	104	.000	1.000	.000	
	Widowed	9	.000	.000	1.000	
Work Experience	Divorced	6	.000	.000	.000	
	From 2-5 years	83	1.000	.000		
	From 6-8 years	51	.000	1.000		
	Above 8 years	8	.000	.000		

Block 0: Beginning Block

Classification Table^{a,b}

	Observed	Predicted		
		WEI		Percentage Correct
		no	yes	
Step 0	WEI no	0	15	.0
	WEI yes	0	127	100.0
	Overall Percentage			89.4

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 0 Constant	2.136	.273	61.216	1	.000	8.467

Variables not in the Equation^a

		Score	df	Sig.
Step 0	Variables			
	Educ	.574	4	.966
	Educ(1)	.002	1	.966
	Educ(2)	.199	1	.655
	Educ(3)	.060	1	.807
	Educ(4)	.355	1	.551
	Age	.985	1	.321
	Religion	6.040	3	.110
	Religion(1)	.875	1	.350
	Religion(2)	.260	1	.610
	Religion(3)	3.877	1	.049
	Mstatus	.861	3	.835
	Mstatus(1)	.179	1	.673
	Mstatus(2)	.000	1	.993
	Mstatus(3)	.003	1	.956
	Fsize	.798	1	.372
	LP_mincome	1.915	1	.166
	LP_amount	.062	1	.803
	LP_initialcapital	.893	1	.345
	LP_currentcapital	12.790	1	.000
	LP_MExpen	1.006	1	.316
	LP_Msaving	2.447	1	.118
	Wexpe	1.170	2	.557
	Wexpe(1)	.466	1	.495
	Wexpe(2)	.049	1	.826

a. Residual Chi-Squares are not computed because of redundancies.

Block 1: Method = Enter

Omnibus Tests of Model Coefficients

		Chi-square	Df	Sig.
Step		72.111	20	.000
Step 1	Block	72.111	20	.000
	Model	72.111	20	.000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	23.679 ^a	.398	.812

a. Estimation terminated at iteration number 20 because maximum iterations has been reached. Final solution cannot be found.

Classification Table^a

	Observed	Predicted		
		WEI		Percentage Correct
		no	yes	
Step 1	WEI no	12	3	80.0
	WEI yes	2	125	98.4
	Overall Percentage			96.5

a. The cut value is .500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a						
Educ			3.072	4	.546	
Educ(1)	-2.480	16.257	.023	1	.879	.084
Educ(2)	-1.746	16.221	.012	1	.914	.175

Educ(3)	5.433	16.436	.109	1	.741	228.946
Educ(4)	-.254	16.287	.000	1	.988	.776
Age	-.328	.161	4.135	1	.042	.720
Religion			3.332	3	.343	
Religion(1)	1.899	2.173	.764	1	.382	6.682
Religion(2)	2.028	2.683	.571	1	.450	7.602
Religion(3)	4.334	2.585	2.811	1	.094	76.277
Mstatus			.236	3	.972	
Mstatus(1)	-20.744	12096.542	.000	1	.999	.000
Mstatus(2)	-19.808	12096.542	.000	1	.999	.000
Mstatus(3)	-18.543	12096.543	.000	1	.999	.000
Fsize	1.461	.848	2.972	1	.045	4.312
LP_mincome	.000	.001	.049	1	.824	1.000
LP_amount	.000	.000	4.528	1	.033	1.000
LP_initialcapital	.000	.000	.084	1	.772	1.000
LP_currentcapital	.000	.000	7.775	1	.005	1.000
LP_MExpen	-.001	.002	.269	1	.604	.999
LP_Msaving	.002	.002	.647	1	.421	1.002
Wexpe			1.247	2	.536	
Wexpe(1)	-11.949	9941.430	.000	1	.999	.000
Wexpe(2)	-14.733	9941.430	.000	1	.999	.000
Constant	39.556	15657.533	.000	1	.998	15097488484329 5072.000

a. Variable(s) entered on step 1: Educ, Age, Religion, Mstatus, Fsize, LP_mincome, LP_amount, LP_initialcapital, LP_currentcapital, LP_MExpen, LP_Msaving, Wexpe.