

JIMMA UNIVERSITY
COLLEGE OF SOCIAL SCIENCES AND HUMANITIES
DEPARTMENT OF SOCIOLOGY

**THE ROLE OF MICROFINANCE IN IMPROVING THE SOCIO-
ECONOMIC STATUS OF WOMEN: THE CASE OF VISION FUND
MICROFINANCE IN GIBE DISTRICT, HADIYA ZONE, ETHIOPIA.**

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AUGUST, 2020

JIMMA, ETHIOPIA

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Declaration

This is to certify that the thesis prepared by Mihreteab Madiso entitled The Role of Microfinance in Improving the Socio-economic Status of Women: The case of Vision Fund Microfinance in Gibe District, Hadiya Zone, Ethiopia, which is submitted in partial fulfillment of the requirements for the Degree of Master in Sociology (Social policy), complies with the University and meets the accepted standards with respect to originality.

Approved by Board of Examiners

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List of abbreviations

ADLI – Agricultural Development Led Industrialization

AfDB – African Development Bank

AIDS - Acquired Immune Deficiency Syndrome

HIV – Human Immune Virus

CGAP – Consultative Group to Assist the Poor

CIDA – Canadian International Development Agency

EAP – Environmental Protection Authority

FDRE – Federal Democratic Republic of Ethiopia

FGDs – Focus Group Discussions

FINCA – Foundation for International Community Assistance

GDP – Gross Domestic Product

GER – Gross Enrolment Ratio

GTP – Growth and Transformation Plan

ILO – International Labor Organization

MDGs – Millennium Development Goals

MFIs – Micro Finance Institutions

MoFED – Ministry of Finance and Economic Development

MoWA – Ministry of Women’s Affair

NAP-GE – National Plan of Action for Gender Equality

NBE – National Bank of Ethiopia

NGOs – Non Government Organizations

NRIBD – National Report on the Implementation of the Beijing Declaration

NSGRP – Nation Strategy for Growth and Reduction of Poverty

OCSSC – Oromia Credit and Saving Share Company

OECD – Organization for Economic Co-operation and Development

PASDEP – a Plan for Accelerated and Sustainable Development to End Poverty

PRSP – Poverty Reduction Strategy Paper

SC – Share Company

SPSS – Statistical Package for Social Science

UNDP – United Nations Development Program

UNGA – United Nations General Assembly

VFMI – Vision Fund Micro Finance Institution

UN – United Nations

WB – World Bank

WHO – World Health Organization

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Abstract

The objective of this study was to investigate the role of microfinance services in improving the socio-economic status and living standard of women in the study area. The study adopted mixed research approach to answer research objectives and both probability and non-probability sampling techniques were employed. Women clients of VFMMFI were the major target population of the study and the study institution was selected purposively. The researcher selected 210 samples from 441 women clients of VFMMFI by simple random sampling. The researcher used both primary and secondary data sources. Primary data were collected through questionnaire and interview while secondary data were collected from different published and unpublished documents. Descriptive statistics such as percentage, frequency, and tables were used to make analysis. Inferential statistics like binary logistic regression model was also used to test the significant level of variables under this study. The SPSS software, version 20 was used for the data processing. The qualitative data collected through interview was analyzed thematically. The finding of this study showed that VFMMFI has improved the life styles of the poor section of the people. They argue that it has enhanced economic development directly and indirectly and improved happiness in the household. VFMMFI plays a significant role in contributing to poverty reduction by providing loans and mobilizing savings. It is also creating job opportunity for the unemployed section of the society through offering well-organized financial services. It is also encouraging and prioritizing different economic sectors like agricultural and trading sector. Moreover, it increases social position of women and decision making power at household and community levels. Based on the finding of the study, the researcher suggested some recommendations to progress the role of microfinance in improving the socio-economic status of women in the study area. The institution should increase on the amount given as loan to the clients and assess repayment capabilities before loan provision, it should trained the clients thoroughly before undertaking credit facilities and after credit to avoid money mishandling, it should also work together with the local government technical and extension workers to monitor and supervise their clients in the areas where they operate.

Key words: Microfinance, Women, Loan, Socio-economic Status

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Broadly speaking, microfinance is the provision of small-scale financial services to people who have no access to the conventional banking system. It is extension of small amounts of collateral-free institutional loans to jointly liable poor group members for their self-employment and income-generation (Armendariz de Aghion and Labie 2011; Rahman 1999 cited in Doplbauer 2012). It is also a powerful tool to fight poverty. The role of micro-loan in reducing poverty is now well recognized all over the world. It creates opportunities for self-employment rather than waiting for employment to be created. It liberates both poor and women from the control of poverty. It brings the poor in to the income stream. Given the access to loan under a suitable institutional structure and arrangement, one can do whatever one does best and earn money for it. One can overcome poverty. One can become the designer of one's destiny and the agent of change not only for one's family but also for the society (Kireti 2014).

According to Armendariz and Morduch (2005:138-139), the Grameen Bank has bound microfinance to create opportunities for poor women. The bank lent originally to great numbers of men, in addition to women, keeping both groups and centers segregated by sex, when the focus shifted in the early 1980s, the move was mainly a response to growing repayment problems in male centers, and by the end of that decade well over go percent of clients were women. At the end of 2002, 95% of clients were women.

Microfinance empower women by raising their economic position in society. Women entrepreneurs have attracted special attention from the institutions because they almost always make up the poorest segments of society and are accountable for child rearing including education, health, and nutrition and they often have fewer economic opportunities than men. It has been argued that an increase in women's income benefits the household and the community to a greater extent than a proportionate increase in men's income (Ledgerwood 1999; Nelson and Ledgerwood 2013).

As stated by Hill (2011) women represent around 50% of the world population, and in many regions of the developing world; their contribution is enormous in all sectors of development. They play a critical role in agricultural production and economies of developing countries.

According to the Organization for Economic Co-operation and Development of (2012), women perform 66% of the world's work, and produce 50% of the food, yet earn only 10% of the income and own 1% of the property. Furthermore, women represent 70% of those living on less than \$2 a day (Rose 2011). According to the United Nations Development Program, six out of ten of the world's poorest people are women and 75% of the world's women can not get bank loans because they have vulnerable or insecure jobs as well as a lack of collateral to offer as security to banks. They constitute a large proportion of the population in the informal sector, with little or no financial security and social benefits (UNDP 2010).

Microfinance both credit and savings have the potential to improve the well being of the poor in developing countries. As stated by the World Health Organization (1948) being socially and emotionally well means being able to realize the abilities, cope with the normal stresses of life, work productively and contribute to the community. Apart from financial services microfinance institutions like Vision Fund Microfinance Institution (VFMFI) provides social services such as group formation _ groups regularly interact and share a sense of unity and common identity in the work place; training on investment skills _which is important for proper planning of the future; group management _which represents specific system of social interactions of people and their groups (Salay 2006 as cited in Mlowosa et al. 2014).

Most of the commercial bank branches of Ethiopia are operating in urban areas (Demeke 2000). Even in districts where bank branches exist, the majority of the respective population has no access to financial services, due to high collateral requirements. Not only the rural poor are excluded from the formal financial system, but also small and medium enterprises lack access to financial services, because formal banks are unable to serve small and medium enterprises and it presents many restrictions to the lower-income section of the population to access economic resources to finance their productive activities (Amha 2002). This has to lead to giving more attention to microfinance as a financial intermediary through which the poor section of the population gets access to financial services and fighting poverty (Yigrem 2010).

According to Environmental Protection Authority (2012), Ethiopia has instituted a series of medium to long term plans and focused policies such as Agricultural Development Led Industrialization (ADLI), Poverty Reduction Strategy Program (PRSP), a Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) and Growth and Transformation Plan (GTP) especially to escape women out of poverty. These policies

recognizing among other microfinance as major instruments. The data show that of the 31 registered microfinance institutions in the country 46.8% of the clients are women. During the GTP implementation period (2010/11-2014/15) about 5 million women were organized and function in the small and medium enterprises sector and have access to credit. The number of women that benefited from saving and credit services was 0.6 million in 2009, 1.4 million in 2010, 4.1 million in 2012 and 6.9 million in 2013. Although women's participation in the labour sector is increasing over time, there is still a concentration of women informal and civil service secretarial jobs (FDRE 2000).

Ethiopia as a subsistence agriculture dominated economy is one of the poorest countries in the world. Poverty in Ethiopia manifests in a number of ways and this, in fact, is attributed to a multitude of interconnected factors. These factors as inadequate source of income, lack of asset, poor health condition, poor educational level and backward attitude of people towards work. These factors in one or another way have direct or indirect effect on the living standard of the people. For instance, lack of income results in reduction of expenditure pattern; poor health leads to being unproductive and absence from work; lack of education results in lack of ability (Bisrat 2011).

1.2. Statement of the Problem

It has been observed that in Gibe district Hadiya zone, microfinance has been applied as a poverty eradication policy. It has been used to provide low-income people with small fundings, micro-credits and other microfinance services as a thrust to exploit their productivity and develop their business to help them improve their livelihoods.

Microfinance has had strong links with women in development for some time. This means that for a long time, microfinance was used as an intervention approach to address the marginalized condition of women with the hope that when the women right to use credit facilities, they would achieve socio-economic improvement and thereby contribute to the development of their communities. The fact that poverty still exists amidst the attempts of provision of microfinance makes room for exploring how far microfinance has benefited the women in the study area (UNDP 2005).

Yilkal (2016) researched on the impact of microcredit programs on female headed-households in Jimma Zone, Ethiopia. The results show that participant in the microcredit program has a significant and positive impact on households' annual expenditure. The

finding of this research is limited to female headed-household only but my study include all female clients of the vision fund microfinance institution.

A study conducted by Kebede et al. (2002) on influence of microfinance services on farm households' income: The case of OCSSC–Kuyu branch, Ethiopia confirms the relevance of microfinance service to improve the economic conditions of the poor by enabling access to rural finance. Among the 100 sample clients of the OCSSC–Kuyu branch, 86 perceives improvement in their socio-economic conditions like increased asset creation; improved nutrition for the family members and household income, but this study employs a quantitative method whereas the current study employed a mixed method. Accordingly, there may be many policy changes and the situation might be changed at this time and there is little or no studies conducted on the issue under investigation so far in the current study area.

Gibe district is one of the rural woreda of Hadiya Zone in Ethiopia with its population of 109,256 of whom 49.6% men and 50.4% women and only 4.6% of its population inhabited in urban area (CSA 2007). The researcher selects vision fund microfinance institution because this institution provides loan/credit services for many poor people those who excluded from traditional financial institutions in Gibe district. Poverty and unemployment is the major problems of the study area and it is more manifest in the rural area as compared to the urban area. The situation worsened recently because of prickly increases in the prices of food in markets, which made it more difficult for poor households in the study area. Thus to reduce these vulnerability, financial institutions in general and microfinance in particular play an important role in the empowerment of those vulnerable poor people especially women.

So far studies on the role of microfinance in improving the socio-economic status of women were really limited in the study area. Thus, this study has been undertaken to examine the role of microfinance in improving the socio-economic status of women and it was designed to fill the above gaps in the study.

1.3. Objective

1.3.1. General objective

The general objective of this study was to investigate the role of microfinance services in improving the socio-economic status and living standard of women in Gibe district.

1.3.2. Specific objectives

- ❖ To assess the contribution of receiving a loan from microfinance in enhancing the income level of women in Gibe district.
- ❖ To evaluate the effects of training service provisions in economic conditions of women.
- ❖ To identify the effect of having access to credit services on social development.
- ❖ To explore the effect of saving services on the economic status of women.

1.4. Significance of the Study

The study about the role of microfinance in improving the socio-economic status of the women, taking Gibe district as a study area, will be important to the academicians and researchers who can use it as a springboard for other studies. Also, the information will be used in the resource centres of higher institutions of learning like universities that have microfinance as a course for their students as well as the resource centres in microfinance institutions and their umbrella organizations. Furthermore, the findings will be useful to policy makers, program coordinators and administrators at different levels, and other financial service providers in ways that constraints could be addressed for women participation, which, in turn, was helping to sustain the economic and social significances of microfinance institution programs towards the poor in general and women in particular.

1.5. Scope of the Study

Still, there are some microfinance institutions in Gibe district, managing the topic in to consideration in a wider geographical area requires a huge amount of finance and time. Therefore, to make the study manageable within the pre-arranged time and financial budget, it was delimited to the role of microfinance in improving the socio-economic status of women in Gibe district area.

1.6. Limitations of the Study

The research work was limited to women clients of only vision fund microfinance institution. Due to time constraint and financial limitations, 210 respondents have been selected. Thus the findings of this study may not be suitable for making generalization to the other related field studies. Unwillingness of some respondents and key informants to give sufficient attention during the data collection and interview were also another challenges of this research work.

1.7. Organization of the Research Report

Chapter one introduces the research topic, explains the research problem, and the objectives of the study. It also presents the significance, scope and limitation of the study.

Chapter two contains a discussion of the literature specific to the research topic and research objectives. The literatures from both the developed and developing world were reviewed. It also discusses the statements made about microfinance and women in terms of impact and benefits.

Chapter three is a detailed discussion of the research methods. It discusses how the research was carried out and the methods used to collect, record and analyze the data. It also looks at how the respondents were selected and the specific type of research instrument used in collecting data.

Chapter four discusses the findings from the study as guided by the research objectives. The findings were discussed under the following major themes: existing microfinance institutions and services offered, the utilization of the loan, benefits of participating in microfinance institution, challenges faced during access and utilization of the loan.

Chapter five presents the conclusion and recommendations from the study. The conclusion features the major summaries that were established during the research in relation to the objectives. The recommendations were constructed from the findings and provide important policy implications. The recommendations were aimed at encouraging the microfinance institution to make their program more accessible and effective to the clients.

CHAPTER TWO

LITERATURE REVIEW

2.1. Definition of Concepts

2.2.1. Microfinance

Microfinance is the form of provision of a broad range of financial services to low-income micro-enterprises and households. It is the process of lending small amount of money without collateral to assist poor people (Gebrehiwot 2001 and Alemu 2004). It provides small scale financial services to the rural and urban poor inhabitants for self-employment, small business, and entrepreneurial activity (Shete 1999; Bruton et al. 2011; Khavul et al. 2013). It is a form of financial development that has primarily focused on alleviating poverty through providing financial services to the poor to become self-sufficient (Siwale and Ritchie 2012; Michael 2005 cited in Ahlin et al. 2011). Very broadly, it refers to the provision of financial products targeted at low-income groups. These financial products include credit, savings and insurance products. The Canadian International Development Agency (CIDA) defines microfinance as the provision of a wide range of financial services to poor, low income households and micro-enterprises usually lacking access to conventional financial institutions (CIDA 2002 cited in Roy 2003).

Microfinance is a relatively new concept that has grown exponentially in the last decade as investors, donors, and banks realize the potential for capital that can be made by banking to the poor. In the past it was assumed that poor people were unbankable since they were only capable of taking out small loans, and had no collateral (Brandsma and Chaouli 1998; Simanowitz and Walter 2002 cited in Swope 2010). Grameen Bank in Bangladesh, the first to start banking to the poor, proved that not only is the poor bankable, but microfinance in the informal sector can be quite profitable (Brandsma and Chaouli 1998 cited in Teng et al. 2011).

In essence, a microfinance institution acts as a bank for the poor. In some cases, a microfinance institution actually is a bank, or can become one, but usually it is a Non Government Organization or governmental program aimed at poverty alleviation especially focus on women. The purpose of microfinance is to provide financial loans to the poor that are not made available to them through the traditional banking system. These loans can be as

tiny as \$50, and are typically used by the client to start a small business. Because microfinance institutions operate primarily in the Third World, they are faced with unique difficulties; namely, lack of collateral and lack of infrastructure or mobility (Brandsma and Chaouli 1998 cited in Teng et al. 2011).

2.2.2. Microfinance Institution (MFI)

Microfinance institution is an organization, engaged in extending micro-credit loans and other financial and non-financial services to poor borrowers for income generating and self-employment activities. This very broad definition includes a wide range of providers that vary in their legal structure, mission, and methodology. However, all share the common characteristics of providing financial services to beneficiary who are poor and more vulnerable than traditional bank clients. According to the Consultative Group to Assist the Poor (CGAP) microfinance institution is always not a part of the formal banking institution or government (CGAP 2010).

Vision fund microfinancing institution (VFMFI) formerly known as wisdom microfinancing institution (WMFI) started operation in 1998 as spin-off of World Vision Ethiopia employees. Initially focused on Village Banking operations, which account for 82% of the portfolio in July 2008, the institution introduced individual lending in 2004. Access to funding as well as striking inflation is vision fund microfinance institution's challenges. The institution operates through its 37 branches and 14 special branches and services approximately 56,000 clients of whom 64% are women in the country (Thys and Rodriguez 2008). But in Gibe district currently, this institution serving more than 1400 clients of whom 441 are women.

2.2. History of Microfinance

The roots of microfinance can be found in many places, but the best known story is that of Muhammad Yunus and the founding of Bangladesh's Grameen Bank. Muhammad Yunus, an economist trained at Vanderbilt University, was teaching at Chittagong University in southeast Bangladesh. The famine, though, brought him disillusionment with his career as an economics professor. In 1976, Yunus started a series of experiments lending to poor households in the nearby village of Jobra. Even the little money he could lend from his own pocket was enough for villagers to run simple business activities like rice husking and bamboo weaving. Yunus found that borrowers were not only profiting greatly by access to

the loans but that they were also repaying reliably, even though the villagers could offer no collateral. Realizing that he could only go so far with his own resources, in 1976 Yunus convinced the Bangladesh Bank, the central bank of Bangladesh, to help him set up a special branch that provided to the poor of Jobra. That soon spawned another trial project, this time in Tangail in North-Central Bangladesh. Assured that the successes were not flukes or region-specific, Grameen went nation-wide. One innovation that allowed Grameen to grow explosively was group lending; a mechanism that essentially allows the poor borrowers to act as guarantors for each other. With group lending in place, the bank could quickly grow village by village as funding permitted. And funding—supplied in the early years by the International Fund for Agriculture and Development, the Ford Foundation, and the governments of Bangladesh, Sweden, Norway, and the Netherlands—permitted rapid growth indeed (Armendariz and Morduch 2005).

2.3. Forms of Microfinance

2.3.1. Group Lending

Group lending mainly refers to an arrangement by a plurality of individuals without collateral who come together and form groups with the purpose of receiving loans from a lender (Armendariz de Aghion and Morduch 2005). The significant feature is that loans are granted to the individual persons, but all members of the group face the consequences if any member fails to pay back. When the Grameen Bank gave out their first loans in the village of Jobra they were granted to individuals without a joint liability clause. It was due to economies of scale that groups were used for the first time (Yunus 1989). Sure enough, Grameen Bank quickly realized that requesting their clients to form groups required a considerable advantage. The costs of screening and monitoring loans and the costs of enforcing debt repayments could be substantially reduced (Armendariz de Aghion and Morduch 2005).

The Grameen-style system aims that two members out of a five person group receive their loans first. If all goes well and the repayment obligations are met, two other members of the group qualify for a loan, and then, a few weeks after, the last person of the group follows. The core idea behind this is that the group members offer mutual assistance in times of need and step in for each other if a member fails to repay. This way the group can build a credit history and finally qualify for larger loans that would otherwise be unavailable or too expensive for them. Moreover, it is a very convenient method for the borrowing groups because the bank comes to them into their village. Obviously, by doing so costs are reduced

significantly and in the case of arising problems both sides can try to resolve them on the spot (Armendariz de Aghion and Morduch 2005). Acting as a solidarity group also has more subtle advantages. Further precisely speaking, the joint liability clause can mitigate moral hazard and unfavorable selection problems that have disabled previous attempts of financial institutions to agreement with the poor. Without going into too much detail at this point, moral hazard and adverse selection are outcomes of information asymmetries resulting in inefficiencies that avoid or raise the price of a potential agreement. The group lending system manages to produce agreements that generate better information and, thus, leads to efficient outcomes (Armendariz de Aghion and Morduch 2005).

2.3.2 The Grameen Bank's model

Grameen Bank is a microfinance organization and community development bank founded in Bangladesh. It makes small loans (known as microcredit or Grameen credit) to the impoverished without requiring collateral. Along with its dream of empowering the poor, has drawn widespread recognition in recent decades and is being adopted by many countries around the world. The model suggests union and feminist traditions in its formulation of the solidarity groups through which women receive credit collateralized by group guarantee rather than by tangible assets. This style of solidarity implies that women who participate in group lending will identify collectively to resist their common oppression, much as a Marxian approach to social capital might advocate. The experimental project by Professor Muhammad Yunus, the 2006 Nobel Peace Prize laureate, revolutionized lending to the poor and demonstrated the self-sustainability of microfinance business. Throughout the Grameen Bank project, he demonstrated that microfinance lenders may possibly ensure higher repayment rates and returns even in the absence of collateral, particularly capitalizing on social networks, concepts of group liability and compulsory savings by borrowers (Yunus 1999).

As an approach to development, the Grameen micro-credit model is thought to be bottom-up, satisfying the credit requirements of the marginalized people who, otherwise ignored by the traditional banks, would engage in micro-entrepreneurial activities. This, in turn, would contribute to enhance their production, income and expenditure and make a positive impact on the whole socio-economic development of the country by reducing poverty and bringing entrepreneurial development (Armendariz and Morduch 2005).

2.4. Why Microfinance Target Women

Women are the poorest of the poor. According to UNDP (2003) Human Development Reports, women make up the majority of a lower paid and unemployed portion of most economies. It is believed that the welfare of a family is improved, when women are helped to increase their incomes. This is because women use most of their incomes on their households (Daley-Harris 2007). Hence, assisting women generates a multiplier effect enlarging the impact of the family needs and, therefore, another justification for giving priority to them.

Another argument in favor of priorities to women is their efficiency and sustainability. Women are believed to be better in their repayment report and cooperativeness (Cheston and Kuhn 2002). Women's repayment rates also excel that of men and their lower arrears and loan rates have an important effect on their efficiency and sustainability of the institutions (Daley-Harris 2007). Women's equal access to financial resources is also a human rights issue (FDRE 2000).

World Bank report (2011) as cited in Rehman et al. (2015) Putting resources into poor women's hands while promoting gender equality in the household and society results in large development payoffs. Expanding women's opportunities in public works, agriculture, finance, and other sectors accelerate economic growth, helping to mitigate the effects of current and future financial crises.

Countries in which women are oppressed or threatened as second class citizens are always the ones who suffer the highest rate of poverty, as women make up the majority of poor people (Cheston and Kuhn 2002). Providing women with access to credit can turn around an entire economy and is proven to be more beneficial than providing credit to men for the following reasons. First, there is significant evidence that when a woman's business succeeds and she makes a profit, it goes to her family, while men typically give only 50-70% of their income to their families (Grasmuck and Espinal 2000). Men are more likely to use funds for leisure. They are also more mobile, and therefore more likely to default on loans (Javier 2004). Second, women are less risky and they tend to take out smaller loans than men, and also invest the money in safe business ventures, usually close to home (Morduch 1999).

Children of women microfinance borrowers also obtain the benefits, as there is an increased likelihood of full-time school enrolment and lower drop-out rates. Studies show that new earnings generated from small businesses are often first invested in children's education,

particularly benefiting girls. Households of microfinance clients appear to have better health practices and nutrition than other households (Littlefield et al. 2003). Affirmative environmental impact is also achievable as microfinance programs may sustain green jobs and renewable energy systems. Microfinance consequently makes a strong role to the realization of the Millennium Development Goals (ILO 2007).

2.5. The Role of Microfinance in Socio-economic Improvement

socioeconomic development is the process of social and economic development in a society and it is measured with indicators like Gross Domestic Product (GDP), life expectancy, literacy, levels of employment, personal dignity, freedom of association and the extent of participation in civil society. Microfinance programs target both economic and social poverty. To assess the success of their efforts microfinance institutions need to measure the impact on the borrowers. The primary objective of all microfinance institutions interventions is poverty reduction. Poverty reduction is perceived from the economic point of view. On the other hand, microfinance institutions interventions promote the living condition of poor people by offering supportive service. These supportive services like access to health and education services are important indicators of human development. The objective of the program is to form sustainable changes in the lives and the livelihood of the poor in particular (Meyer 2002).

Social changes result from the work of microfinance organizations. The delivery of microfinance is expected to result in social changes because women working in groups can achieve what might not be achieved individually. Microfinance organization strategies provide the poor with the possibility of belonging to a group they choose despite the socially or economically imposed relationships. This allows for meeting with others of similar experience and share knowledge. Such practices in effect are believed to empower them both individually and collectively (Kabeer 2005).

The provision of financial services is directly associated with two specific sets of social relations. The first relates to interactions with the staff of the organizations which have the potential to bring change through training and other activities. The second set of social relations is those between members of the groups organized by microfinance organizations (Mayoux 2005).

2.6. Challenges of Microfinance Institutions

Most microfinance programs are small and vulnerable to resource constraints. Most operate in a few locations and provide specific clusters of clients so they are exposed to the systematic risks of undiversified loan portfolios. Most mobilize few savings and they are not financially self sufficient so they are dependent on the notions of donors and government for their future existence (Meyer 2002). Microfinance institutions may face financial problems which influence their performance. When the customer of the institutions increases the required money for loan disbursement also increase. On the other hand, when the operational area of the institution is limited it is difficult to be profitable.

2.7. Microfinance Institution in Ethiopia

Formally microfinance in Ethiopia started in 1994/5, particularly; the licensing and supervision of microfinance institution proclamation of 40/1996 encouraged the spread of microfinance institution in both rural and urban areas. The objective of the institution is basically poverty alleviation through the provision of sustainable financial services to the poor who actually do not have access to the financial support services of other formal financial institutions (Yigrem 2010).

Moreover, there are also different government policies, strategies, laws and directives in Ethiopia, which have an effect on directly or indirectly the development of the microfinance industry (Getaneh 2005; Yigrem 2010). These mainly include proclamation No. 83/1994, 84/1994, and 40/1996. Besides the 17 directives issued by the National Bank of Ethiopia, represent the major legal and regulatory framework which is used to regulate and supervise the microfinance industry (Getaneh 2005).

In recent years, several microfinance institutions are found in Ethiopia. They are 31 registered microfinance institutions were established with their considerable variations in geographical distribution, capital and customer size (Ramanaiah and Gowri 2011). Of these, 11 microfinance institutions about 41% are located in Addis Ababa and 13 microfinance institutions about 48% are located in Oromia national region, with 18.2% and 21.1% of the shares in total capital of all the microfinance respectively. Moreover, about 81.3% of total capital of all microfinance institutions in the country are belonging to only four of them, that is Amhara 25.6%, Dedebeit 24.3%, Addis 16.3% and Oromia 14.7%. Within a region, the existing branches of microfinance institutions have not fully covered all districts. The total

amount of capital in microfinance institutions in Ethiopia was amounted to \$94.27 million (1.2% of GDP), of which \$88.84 million (1.1% of GDP) was mobilized through saving and the rest from donors and shareholders, where as it extended a total credit of about \$230.71 million to about 1.5 million borrowers throughout the country (Ramanaiah and Gowri 2011).

2.8. Impact of Microfinance on Women Decision Making Ability

The delivery of microfinance is expected to result in social changes because women working in groups can attain what might not be attainable individually. Microfinance organization strategies offer the poor the possibility of belonging to a group they choose although the socially or economically imposed relationships (Kabeer 2005).

Studies suggest that access to loan or credit empower women by raising their independence and decision making ability within a household (Cheston and Kuhn 2002; Mayoux 1995). Others argue that women access to loan is a likely to free women from an abusive marital relationship (Mayoux 2001) and reduced the vulnerability to domestic violence and increases in self-confidence (Cheston and Kuhn 2002).

Microfinance members are also expected to have enhanced decision making powers regarding reproductive rights than non-members. These include the decision on abortion, contraception use, and number of children and age at marriage for their daughter. Also, the livelihood of female decision making has been improved when channelling loans through women's groups rather than to individual women (Goetz and Gupta 1996).

International Labor Organization (2003) conducted an empirical study on women entrepreneurs in Ethiopia and the survey results revealed that the majority of women entrepreneurs make their own free decisions on the utilization of the money generated from their businesses, as well as matters that affect their businesses. The study further showed that a significant number of surveyed women who operate small enterprise make joint decisions with her husband's when the decision involves complex matters or where the husband's permission is required. For example, offering joint property as collateral or disposing of major property.

MkNelly and Dunford (2001) reveal in their study that participating in a microfinance program in Bolivia and Ghana led to greater self-confidence of women and a better status within society. Women in Ghana took more active actions in community ceremonies, while women in Bolivia were even involved in the local governments.

In general, as part of a broader effort to increase awareness and organize women, loan could play an important role as an entry point to empowerment. First, women increase their ability to take loans. Second, repay them and accumulate saving can raise their self-confidence and sense of self-worth. Lastly, participation in loan program can result in increased status for women in the household and community level (Hashemi and Tudor 2001).

2.9. Challenges Facing Women in Accessing Microfinance Services

Women's access to financial resources has been largely increasing over the years. Yet, their ability to benefit from the access in the loan is limited by the gender related difficulties (Skarlatos 2004). Further, to women's poverty levels, social bias against women results in smaller loan sizes in comparison to men. There are only a limited number of women in the leadership of microfinance institutions, which might be one cause for the biased loan access. While microfinance does not address the entire barriers to women's empowerment, it can contribute to their empowerment if properly implemented (Kabeer 2005).

Hamida's (2000), study on "Empowering Women through Microcredit: A case study from Tunisia" revealed that the women entrepreneurs face several obstacles to their need for self-employment, including difficult access to capital, low level of knowledge including literacy and numeric skills, lack of training, inadequate market knowledge for both purchases and sales, and conservative traditions in their families and society at large.

The provision of financial services is related to two precise sets of social aspects. The first relates to communication with the staff of the organizations which have the potential to bring change through training. The second set of social relations is those between members of the groups organized by microfinance organizations. But, these groups do not represent the same principles of organization (Mayoux 2005). Intra-household decision making is one indicator of women's empowerment. While there is evidence that microfinance can have an impact on women's role in household decision making, it has not occurred evenly in all areas of decision making (Cheston and Kuhn 2002).

The impact of the loan on income has been observed to be changeable and it shows that the majorities of clients income increases are small and in some cases negative because most women invest in existing activities which are low profit and insecure. Additionally, women's choices and ability to increase income is controlled by gender inequalities in access to other resources for investment in household responsibility and lack of mobility (Mayoux 2002).

Skarlatos (2004) stated that loan delivery has improved the economic situation of households, however, he found out a number of issues in three ways. First, the size of the loans is too small which does not enable the women to make long-term income change for the household. Secondly, the increased access to loan in the same geographic area may contribute to market dispersion of products supplied by the women because poor women usually engage in similar businesses. Thirdly, the women's successful business might have a negative impact on the girl-child who might be required to help her mother leaving school.

Dejene (2007) stated that micro and small enterprises employ to the poor who have no other means of income. However women's Micro and Small Enterprises are not reaching their growth potential due to various factors such as labor burden, lack of sufficient skill, lack of financial resources, weak infrastructure, narrow access to markets, weak business organizations and limited enabling environment.

Arora (2011) confirmed that good saving practice among females as the maximum number of the respondents was having savings but still there are so many obstacles in the way of financial inclusion of women such as lack of awareness regarding micro financing services being provided by the banks.

The documents review revealed that– microfinance institutions offers mostly two broad types of services: financial services and non-financial services. The financial services provided by the institution are mainly in the form of loans and savings. Non-financial services are various types of trainings offered like financial literacy and business ability. This shows that the institution was delivering financial services to rural and urban households who in their history never accessed credit from traditional financial institutions. Still how the institution is serving target rural and urban poor households from the lower economic strata. That is why microfinance is believed to be an effective strategy given their real objective of extending financial services to the poor and other disadvantaged groups not reached by traditional banks. As stated by Meyer in assessing financial service accessibility in his study, emphasized on the number of poor clients served that were previously denied access to

financial services; depth of poverty that shows how well microfinance institutions reach the very poor (Meyer 2010).

2.10. Policies and Programs on Women/Gender

The Federal Democratic Republic of Ethiopia Constitution (FDRE) stresses the importance of gender inequality as a basic requirement for the full realization of all other rights and human freedoms. It has also devoted a separate provision dealing with the rights of women and aiming at addressing the widely prevalent gender biased attitudes and practices. Related sub-articles of Article 35 with the issue under discussion are; 35/1 – equal enjoyment of all constitutional rights and protections, 35/2 – equal rights in marriage, 35/3 – entitlement to affirmative action/measures, 35/4 – the protection from harmful traditional practices, 35/5 – the right to maternity leave with full pay, 35/6 – the right to consultation in projects affecting their lives, 35/7 – property rights (to acquire, administer, control, use and transfer), 35/8--right to equality in employment (promotion, pay, pension entitlements), 35/9 –right of access to family planning education, information and capacity

Concerning women, the National Ethiopian Women's Policy that was enacted in 1993 has mapped out the problems of Ethiopian women in all field of development and identified the patriarchal system as the root cause that exposed women to political, economic and social discrimination which is reinforced by traditional practices that give credence to cultural/religious norms and values over women's human rights. The policy has indicated the status of women in relation to their roles of sustaining the household that consequently hampers their access to social services, public affairs, access to and control over property; the plight of women accrued to harmful traditional practices has been identified as an area that needs a concerted effort by all stakeholders. To fight back all discrimination against women and ascertain equality of men and women the policy has established institutional machineries in all government structures up to the grass root level.

Moreover, the National Plan of Action for Gender Equality is prepared in congruence to the Plan of Action for Sustainable Development and Eradication of Poverty (PASDEP) development direction hence amenable to be incorporated in the implementation process of PASDEP. The plight of women assessed and major gaps are identified as follows: their vulnerability to poverty, lack of access to and control over important resources and ownership of property including lack of decision-making rights; their extended labor time and workload; their vulnerability to traditional harmful practices; low status of women and being considered

as subservient to men's needs and interest regardless of the consequences on the health or psychological conditions; low girls Gross Enrolment Ratio (GER) rate and high chances of becoming victim to Human Immuno Virus/Acquired Immuno Deficiency Syndrome (HIV/AIDS) epidemic, absence of appropriate and viable institutional mechanisms has been recognized as serious constraints to the implementation of policies and has impeded efforts towards gender equality. To arch these and empower women the following are identified as strategies of achieving gender equality. Promotion of women's participation in development economic policies, improving the lives of women and reducing their work load are areas given priority, while developing and implementing a guideline on environmental management and women in pastoral areas; increasing girl's access to education, strengthening non-formal education program for women, eradication of traditional practices harmful to women's health, improving health care services, implementing gender-sensitive HIV/AIDS prevention, carry out massive and systematic training and awareness campaigns on national laws, policies, as well as international on gender equality (MoWA 2005).

Under chapter IV of the Strategy document entitled under-cutting issues, gender is given a due attention and dealt with as follows: "Unleashing the potential of Ethiopia's 35 million women is central to the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP 2005/2006-09/10) strategy." PASDEP involves librating women from low productivity tasks, and increasing their participation in the workforce and social and political process of the country. The measures to achieve this include the major push to increase girl's and women's education, to improve access to water supply and sanitation, to focus on services related to mothers and women's health, and to adopt agricultural programs and technical and vocational training to the needs of women. In addition safeguarding rights such as access to land, credit, and other productive resources are central to the strategy (MoFED 2005).

Targets aimed at alleviating poverty like increasing contraceptive prevalence rate, and delivery attended by skilled attendants, decreasing teenage pregnancy and unsafe abortion, integrating the National Women Policy as well as the NAP-GE are supportive to the promotion of gender equality by relieving women of their burden and promoting empowerment.

In this regard, areas of focus are girls' and women education; employment of female health extension workers; strengthening programs like agriculture extension, small scale credit,

petty trading and environment protection in a way they suit for women; mainstreaming gender in all sectors; improving water provision services; focusing on women's health care services; ensuring the land rights of women creating awareness on violence committed against women and growing the share of women candidates for the upcoming election.

The existing policy was issued in 1993, and gave priority for the health of women and children. The policy strategy depicts that family health services shall be promoted by assuring adequate maternal health care and referral facilities for high- risk pregnancies.

The HIV/AIDS policy of 1998 recognizes the increased vulnerability of women and youth to the infection as well as gender inequality as a contributing factor to its spread. The policy acknowledges the need for women to have access to information and recognizes women's empowerment and decision making as essential components for the prevention of the pandemic. The policy recommends that women and youth be the main parties in planning strategies of prevention, and commercial sex workers be given priority in awareness creation and education.

The Ethiopian Education and Training policy was issued in 1994. Following the Education policy, three Education Sector Development Program (ESDP) were developed for translating the policy statement into action. The programs goals relating to gender equity include: increasing primary enrolment ratio, increase girls' share of enrolment in primary schools; improve the quality of educational facilities; and improving teachers training; reform the curricula to make it relevant and gender sensitive; reduce the dropout rate and repetition rate of girls by half, and increase the number of schools especially in rural areas.

Education Sector Development Program (ESDP) III that runs from 2005/06-2009/10 is a program to implement the Education and Training Policy; with targets for improved access, quality, efficiency, and equity. It shows that admission, completion, and transition rates of girls will be increased to reach those of boys. A number of steps are outlined to achieve equality including the placement of contextually relevant measures to prevent social and cultural obstacles to girls' education; creating girls-friendly environment; providing curricula, textbooks, and teaching materials that are free of gender bias; ensuring presence of female role models as teachers, head teachers, and managers encouraging girls to join non-traditional fields in Technical Vocational Education and Training (TVET) programs; and continuing affirmative action in Teacher Training Institute (TTIs), Teacher Training College (TTCs), and other higher educational institutions (MoWA 2005).

The food security strategy predicts provision of seed, fertilizer, and agricultural tool to poor farmers and extending credit services to destitute women to help them develop sustainable livelihood through cooperatives and other private sector initiatives; improving nutrition for children under five years of age, pregnant and lactating mothers is within the development objectives of the strategy.

2.11. Theoretical Literature Review

2.11.1. Social capital theory in the development discourse

Social capital is a relatively new line of study in economics. Although the concept of social capital is relevant for many disciplines, and has been around for decades, there is no a universal definition to describe it. Most Economists and Sociologists have used words such as trust, networks, or shared actions and norms to define what social capital is. The most recognized definitions among scholars are anything that facilitates individual or collective action, generated by networks of relationships, reciprocity, trust and social norms. It is part of the structure of relations between actors and among actors (Coleman 1988). Putnam (1995) portrays social capital as those shared actions, trust and social organization that facilitate coordination and cooperation for mutual benefit. According to the World Bank (2009), social capital refers to the norms and networks that enable group action. It includes institutions, relationships, and customs that shape the quality and quantity of a society's social interactions. Increasing evidence shows that social capital is critical for societies to grow economically and for development to be sustainable (Green and Haines 2012).

Policy makers increasingly rely on theories of social capital to approach development interventions that mobilize local social networks in the alleviation of poverty. The potential of such theory lies in its recognition of the social dimensions of economic growth. This recognition has inspired some innovative approaches to development, such as the now-popular microfinance institutions and small enterprises (Rankin 2002).

Development discourse has generally suggested social capital in the sense popularized by sociologist Robert Putnam, as features of social organization, such as trust, norms, and networks, which can improve the efficiency of society by facilitating coordinated actions (Putnam 1993). The potential of the social capital theory lies in its recognition of social networks and associational life as resources for fueling development from the bottom up. This recognition has inspired the World Bank and other mainstream development

agencies to approve some innovative, once marginal, approaches to development, such as the now popular microfinance models through which the poor receive credit based on their membership in self-regulating solidarity groups (Rankin 2002).

Social capital like human capital or labor could be a very profitable investment for the future. However, social capital cannot produce economic growth on its own (Neira et al. 2009). Therefore it can be considered as a compliment or substitute for the other types of capital. The basis of why it should be considered as a substitute is because social capital, can replace the lack of access to financial capital by relying on the close relationship one may have with family members or friends. This can provide access to funds that otherwise would be limited or just simply impossible because in the case of a lower-income household, they do not possess the necessary collateral asked by financial institutions. In the case of human capital, it can also serve as a substitute if there is a lack of knowledge. One can rely on the advice of a friend or someone in the community. When entering the job market it can help to get an opportunity due to a friendship and relationship aside from the skills one holds. Another way individuals can benefit from these relationships it is simply by getting a better gain in their supplies due to the social ties (Woolcock 2000).

Social capital uses the relationship amongst individuals as the primary focus but it is important to take into consideration the way communities are structured and their relationships with the state (Woolcock 2000). The involvement, transparency and strong governments have a deep impact on the effect of community life and the development of projects, unlike governments presenting corruption, not honoring contracts, and failing to uphold the rule of law (Isham and Kaufmann 1999).

Social capital and microfinance are central to mainstream development interventions, and both are predicated on the need to recognize the importance of social factors in development. Microfinance institutions mobilize social capital in the form of a group guarantee, and aim to hold the development of sustainable financial institutions and income creation. Women are targeted in part because of the effectiveness of their social capital as collateral. As microfinance adopts a dual approach of group lending and credit, it is a strategic research site for observing the dynamics between social capital and economic capital (Woolcock 1998). Microfinance is the provision of small loans or credit collateralized by a group guarantee. The institution lends to the group as a whole; its members are jointly liable for repayments. Trust and relationships within the group function as collateral, as individuals would lose their

status if they defaulted. This method minimizes administration costs for the institution, as members themselves collect repayments at ordinary group meetings, making the provision of small amounts of credit financially feasible (Johnson and Rogaly 1997; Ledgerwood 1999). This use of social capital has proved an extremely effective form of collateral and exemplifies the importance of trust and relationships in economic development (Van Bastelaer and Leathers 2006). In turn, group membership can raise not only women's access to credit but also their social contacts, both of which can support income-creation activities (Kabeer2001; Mayoux2000).

2.11.2. The vicious circle of poverty theory

While relying on the vicious circle of poverty theory, a loan investment framework is constructed and seeks to explain how microcredit can be used as a tool for poverty reduction. Meanwhile, the proponent of the vicious circle theory (Nurkse 1967) explains that poverty perpetuates itself in mutually reinforcing vicious circle on both supply and demand sides. It is argued that, may be, the most important circular relationships of a kind are those that affect the accumulation of capital in economically backward country or society. Explaining the supply side, the proponents hold the view that there is a small capacity to save due to low level of real income. The low real income is a reflection of low production, lack of capital, resulting in small capacity to save. With regard to the demand side, it is argued that, demand for capital is influenced by incentive to invest.

However, the lack passion to invest might be due to low purchasing capacity of the people, small real income and as a result of low productivity. Low production yet could be due to small amount of capital used in the production, which may be caused partly by less incentive to invest. Meanwhile, the low level of real income, due to low production is an issue that is common to both supply and demand sides of the circles.

Hence, it could be argued that there are two ways that people use microcredit or loan. Thus, loans are either used to start a new enterprise or expand an existing one. Provision of credit to people who are not working might serve as a startup capital for them in doing income generating activities thus, in the process creating jobs for them. Job creation could lead to reduction in unemployment within clients. As unemployment is reduced, the general poverty level can also be reduced.

Therefore, the researcher prefer the vicious circle of poverty theory rather than social capital theory for this study. Because the study variable socio-economic status is a poverty related concepts and poverty is also a variable that determines one's socio-economic status – meaning, an individual's or group's situation within a hierarchical social organization which depends on a combination of variables, including occupation, education, income, wealth, and place of living. So vicious circle of poverty theory is more preferable to support this study.

2.12. Conceptual Framework

To understand the role of microfinance institutions in improving the beneficiaries' economic and social status a conceptual framework has been developed. This has been developed based on an initial literature review undertaken on the importance and needs of microfinance. The conceptual framework consists of the following elements; the financial services, saving services, non-financial services, and the beneficiaries' socio-economic improvement.

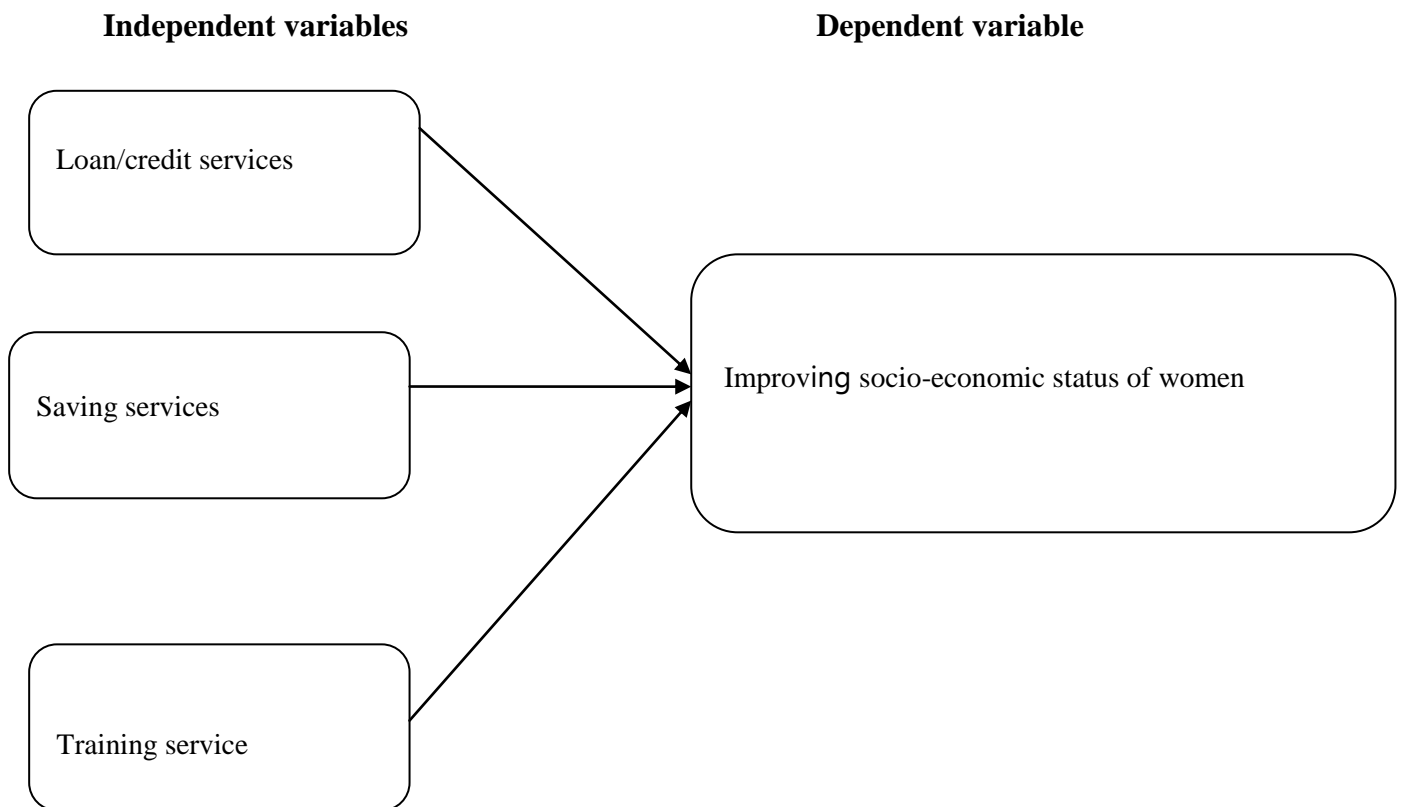
The financial services are the driving force of the socioeconomic improvement of poor women and poverty reduction. The financial services of microfinance are generally known as the credit and saving, insurance, payment and repayment services (Ledgerwood 1999; Nelson and Ledgerwood 2013). Loan is the main product of microfinance institutions which refers to the small amount of credit given to poor women at reasonable interest for generating income through self-employment. The terms of the given loan are important determinants to the clients' household improvement and their businesses performance. For example, increasing the size of the given loan is important for extending the market and the size of micro and small enterprises (Ledgerwood 1999 and Robinson 2001).

Saving service is another product of microfinance which takes two forms of mandatory and voluntary savings. The mandatory saving is referred to the value of savings that the clients of microfinance are required to save as a condition of obtaining a future loan; while the voluntary savings is referred to the amount of savings kept by microfinance institution beneficiaries who are not required as a condition of an existing to loan. Both mandatory and voluntary savings are important for enhancing the capability of poor to cope with the uncertainty shocks and reduce the financial cost of lending and secure a sustainable fund sources (Ledgerwood 1999 and Robinson 2001). The interest rate on the deposited savings of the beneficiary has the power to help the poor in accessing to the large size of loans and consolidate their financial position.

The non-financial services such as enterprises development training is important factors to effectively use the financial services and advance the beneficiaries and their businesses performance. The commercialization of microfinance institutions led to massive competition in the arena of the microfinance market. This competition forced microfinance institutions to develop and improve their products and services which lead to enhance the sustainability of those institutions through reaching a large size of beneficiaries. However, to achieve deep outreach, improving the quality of microfinance services and reducing the cost are required. The entrepreneurial and business developments training has been recognized as the engine to effectively use the financial services which lead to enhance the performance of the beneficiaries. Thus, embedded financial services with entrepreneurial and business development training are inevitable for creating successful entrepreneurs. Ledgerwood 1999; Nelson and Ledgerwood (2013) argue that microfinance is not a simple lender; it is also a development tool for human skills and capabilities.

The social mediation service has been known as an important factor for facilitating the process of accessing the financial services without collateral through building social capital between the group members. Social intermediation has been defined as a process in which investments are made in the development of both human resources and institutional capital_ to increase the self-reliance of marginalized groups, preparing them to engage in formal financial intermediation (Hulme 1996). Group forming is important for both lenders and borrowers. The lenders attempt to reduce the cost of microfinance services through achieving a wide and deep outreach which required free physical collateral facilities while they want to mitigate the risk of irregularity information. The group liability has shown to be a crucial approach to overcome the challenges of irregularity information and mitigate the risk of adverse selection through peer monitoring and screening functions.

Figure 1: Conceptual framework of the study



Source: Adapted from Kereti G. Wakio (2014) with modification.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Description of the Study Area

Hadiya Zone is one of the fourteen zones and four special woredas of the Southern Nation Nationalities and Peoples Regional State(SNNPRS) of Ethiopia. It is located roughly between 7° 45' N and 38° 28' E. Its capital Hossana is 232 km away from Addis Ababa, the capital of Ethiopia and it is also 168 km away from the capital of the SNNPRS, Hawassa through Alaba-Damboya. Hadiya zone is bordered in the south by Kembata-Tembaro zone and Alaba special woreda, in the west by the Omo River which separates it from Oromia national regional state and Yem special woreda, in the north by Gurage and Siltie zones, in the east by the Oromia national regional state (Habtamu et al. 2014:96).

Nearly 65% of the zone lies in the *woinadega or sub-tropical* agro-climatic zone where as 23.7% and 11.6% of the total land area of the zone lies in the *dega or temperate* and *kolla or tropical* agro-climatic nature respectively. Hadiya zone receives seasonal rainfall amount ranging from 470-1500 mm annually in the summer season. The generalized mean-maximum annual temperature is 22.54°C and mean-minimum annual temperature is 10.35°C. In general the climate in the zone is mild tropical high land type. It is suitable for the production of both tropical and temperate crops. This may be the reason why the Hadiya zone is one of the leading wheat producing zones and nicknamed “The Little Canada.” (Habtamu et al. 2014: 96). From the total land cover, 69% is cultivable and used for growing different crops, 7% is grazing land, 6% bush and wood land 8.78% used for non agricultural activities, 2% cultivable and 7.22% not cultivable land. It consisted of planting crops and keeping of animals.

The Gibe district is located in Hadiya Zone, Southern part of Ethiopia. It situated at 262 km south of Addis Ababa, 32 km North West of Hossana town and 378 km away from Jimma town. Administratively, the district classified into five town municipalities and 21 rural kebeles. Its administrative town is Homecho. The total population of the district is 109,256 of whom 54,224 or 49.63% are men and 55,032 or 50.37% are women; 5066 or 4.64% of its population are urban dwellers. Geographically, it lies at 7° 37' 53"- 7° 42' 43" N latitude and 37° 37' 07"- 37°44' 25" E longitude. The total area of Gibe woreda is 44,783 ha. Gibe district has a *kola, woinadega and dega* climatic characteristics with the mean annual rainfall range

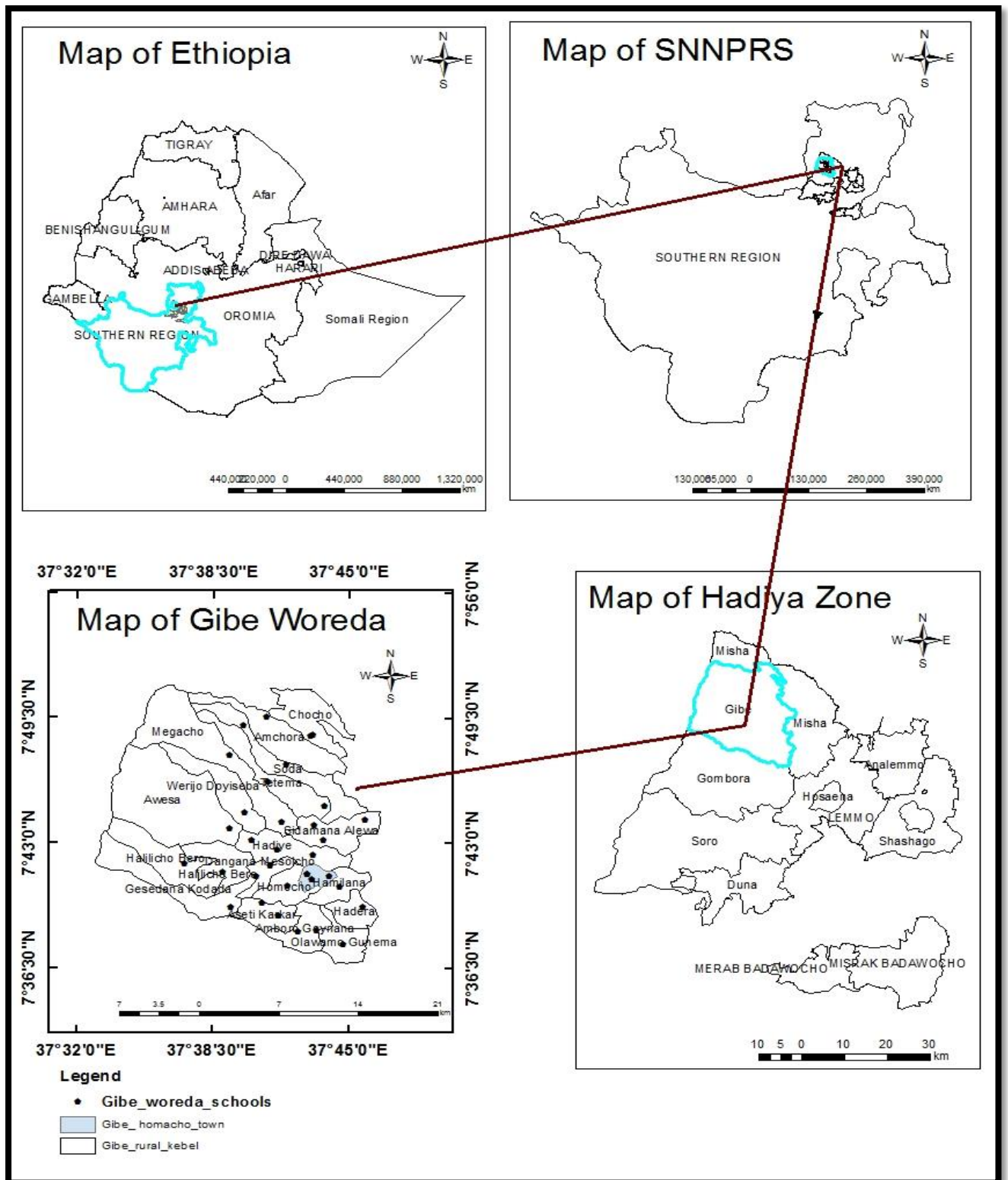
from 600mm-1200mm annually in the summer season. The mean annual temperature ranges from 17.6°C- 25°C (Habtamu and Samuel 2017:105).

The area coverage of the land use system indicates that 69.8% is cultivated lands, 14.5% is forest lands, 8.4% is grazing lands and 7.3% is others. The main annual crops grow in the area under the rain fed system are wheat, barley, maize, teff, pea,bean and sorghum. With regards to financial services, there exist both formal and informal financial services, formal with operation mainly in urban centers and informal operating in both rural and urban centers in the area (Habtamu and Samuel 2017:105).

Regarding religion the majority of inhabitants were Protestant religion followers with 92.9%, and 5.7% were Orthodox Christianity. The remaining 1.4% were other religion followers. Interms of traditional administration structure, there are six administrative ladders exist_ Family level (*Minie*), neighbours (*Nefera*), relatives (*molo*), community (*sulo*), nationality (*Gicho*) and nation (*Girra*). *Minie* and *Nefera* look at and decide on small matters such as conflicts within family, whereas *Girra* looks at all inclusive and serious matters such as conflicts between communities that involve most or the entire people and other ethnic groups.

The community gives a number of titles to its leaders depending on their roles and areas of residence. These titles include *Adila*, *Abegaz*, *Abageda*, *Asmachie*, *Dana*, *Imama* and *Gerad*. The most common ones are *Gerad* and *Dana*. To have titles such as *Garad* or *Dana*, one has to fulfil a number of criteria: adequate wealth (land and more than 100 cattles), being wise and having the skill to make decisions and solve problems, communicating well, able to organize people and is respected by the community (Alebachew and Samuel 2010).

Figure 2: Map of Gibe Woreda, Hadiya Zone, SNNPRS, and Ethiopia



Source:Ethio Geographic Information System (GIS 2019).

3.2. Research Design

This study employed cross-sectional study design and descriptive study design. The researcher selected cross-sectional study design, because data were collected at one time in point. It also helps to gather data carefully, to minimize financial expenditure, to save time, to make respondents not bored with a repeated interview and to study a number of individual who have the same characteristics of interest at a single time. On the other hand, the reason behind to use of descriptive study design is that – it helps to describe what is occurred.

3.3. Research Approach

This study employed a mixed research approach. This approach tries to overcome the limitations of quantitative and qualitative approaches. Hence, the researcher collects both quantitative and qualitative data sequentially in the mixed research approach. In other words, the researcher bases the inquiry on the assumption that collecting diverse types of data best provides an understanding of a research problem. The data gathered through the qualitative method were complemented by the numerical and statistical representation of the quantitative research. There was also an in-depth understanding of the topic of microfinance by the researcher when the mixed method was employed. This is affirmed by Creswell (1994) who mentions that the mixed approach helps the researcher to better understand the concept being tested or explored. The mixed approach has also been likened to the brain by Davies (2000) who explains that quantitative research focuses on the left brain while qualitative research deals with the right brain. He asserts that while the right brain gets us into trouble, the left brain reasons our way out. According to Davies (2000), the most powerful research engages both the left and right hand side of the brain. This is because running quantitative research alongside with qualitative research offers a synergy whereby objective data can provide a structure to the analysis of subjective qualitative data (Davies 2000). The mixed approach was used mainly because the respondents had different backgrounds. Some respondents could easily understand and fill out the questionnaire while others required the interview guide to enable them to talk, share, and be probed for the responses to the questions.

3.4. Study Population

The study population refers to all the members of a real or hypothetical set of people, events or subjects to which we generalize the results of our research (Mugenda 1999 and Ruane 2005). The population for this study comprised of 441 women, who were clients of VFMFI.

3.5. Sampling Frame, Sampling Techniques and Sample Size Determination

3.5.1. Sampling frame and sampling techniques

The sampling frame is the list of all elements from which the sample is drawn and the researcher get it from vision fund microfinance institution. For this research, the sampling frame is the list of all women clients of Gibe district vision fund microfinance institution.

Sampling technique refers to selecting items to be observed for the given study. It is the statistical process of selecting a subset called a “sample” from a population of interest for purposes of making observations and statistical inferences about that population (Bhattacharjee 2012). In this study both probability and non-probability sampling technique were applied and that help the researcher keep selecting a sample.

Probability sampling: simple random sampling technique is one of the probability sampling. Under this sampling technique, every item of the universe has an equal chance of inclusion in the sample in which individual units are picked up from the whole group not deliberately but by some mechanical process (Kothari 2004). Simple random sampling was employed for this study. It is a method of selecting items from a population such that every possible sample of specific size has an equal chance of being selected. In this case, sampling may be with or without replacement. All elements in the population have the same pre-assigned non-zero probability to be included in the sample. It can be done either using the lottery method or table of random numbers. Thus, the researcher employed simple random sampling technique to select respondents for quantitative data collection.

Non-probability sampling: is a sampling technique which is based on the subjective judgment of the researcher. In non-probability sampling, there is no way of specifying the probability of each unit’s inclusion in the sample and there is no assurance that every unit has the same chance of being included (Bhattacharjee 2012).

Purposive sampling is a non probability sampling technique appears helpful in conditions where researcher purposively select individuals on particular issues to interview. As a result, the researcher selected participants for the focus group discussions and interviews.

3.5.2. Sample size determination

According to Dawson (2002), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. Although there are no general rules, the sample size usually depends on the population to be sampled. In this study- to select sample size, a list of the population (women clients) formally registered in Vision Fund Microfinance Institution office were obtained. Yemane Taro (1967) has suggested the following mathematical formula for determining sample size.

$$n = \frac{N}{1+N(e)^2} = \frac{441}{1+441(0.05)^2} = \frac{441}{1+441 \times 0.0025} = \frac{441}{1+1.1025} = \frac{441}{2.1025} = \underline{\underline{210}}$$

Where, n = number of samples

N = is the total population

e = error tolerance.

Based on sample size determination formula, we can get sample of 210, at 95% confidence level and 0.05 precision levels. Hence, out of the total population of 441 vision funds microfinance institution women client's 210 samples were taken by applying simple random sampling technique (lottery method). Therefore, from 210 questionnaires 209 were completed and retrieved successfully, representing 99.5% response rate.

3.6. Methods of Data Collections and Instruments

3.6.1. Survey

This is a research instrument that gathers data over a large sample. For this research survey questionnaire was prepared and used to collect data about clients' socio-demographic characteristics, socio-economic status, loan service accessibility condition, training condition and supervision, the effect of saving services, and other related grounds. It was distributed for 210 respondents. The English version of the questionnaire was translated into Amharic for easy understanding by the study respondents.

3.6.2. Key informant interview

Key informant interview was used to collect data which help to triangulate information collected through other methods of data collection. According to Kumar (1989), key informant interviews involve interviewing of knowledgeable individuals who are likely to provide the required information, ideas and insights on a particular subject. Key informant selection involves inquiring who the experts are (Chambers 1992); therefore, the researcher identified individual key informants purposively from the Vision Fund Microfinance Institution employees. A total of four 4- key informants 1 institution manager and 3 employees were used for this study.

3.6.3. Focus group discussion

The focus group technique is a highly efficient way to collect data. The researcher plays the role of a facilitator rather than an interviewer. Focus group discussions are often used at the outset of research, in order to explore an unknown area, and to generate discussion and consensus around a topic of inquiry. It is possible to gather information about shared understandings of everyday life and the ways in which individuals are influenced by others in group situations. According to Creswell (2007) group interviews are useful to draw on the synergy between members and the size of the group is not only large enough to generate diversity of opinions but also small enough to permit everyone to share in the discussion. In this study, two focus group discussions (FGDs) each comprising 7 members (women) were conducted to collect qualitative data and accordingly an open ended focus group discussion guide was prepared to gather data about the social and economic status of women so far in vision fund microfinance service. It covers specifically questions that related to women's household improvement, and challenges that poor women faced in vision fund microfinance institution in general. The women clients were selected and discussion arranged by the researcher and 2- data collectors.

3.6.4. Field observation

Direct field observation is the most essential technique to generate original data. This is because of the fact that sometimes the information that the researcher collect from the informants may contradict with the real situation. Therefore, field observation is very important to get the first hand information from the original sources and triangulate data from different sources. Thus the researcher used field observation method and directly observed issues like farm activities which includes crop growing and animal rearing, trade activities in

the shop, in market areas, and even in their homes they prepare enjera, local drink like tella, and others.

3.6.5. Secondary sources

The secondary sources of data were collected from published and unpublished materials and other related literatures.

3.7. Method of Data Analysis

For the analysis of the data, both quantitative and qualitative methods were used from the point of view of research objectives. Descriptive statistics such as percentage, frequency, table, and charts were used in order to enhance and make meaningful analysis and interpretation of the research output. The inferential statistics like binary logistic regression model and chi-square test were also used. The statistical package for social sciences (SPSS) version 20 was used for the data processing. In the case of qualitative data, which collected through interview and observation were organized and analyzed thematically and then narrated as a support to quantitative values by making summaries of the respondents view. Finally, analyzed qualitative and quantitative data triangulated together with secondary data sources and presented as research findings of the study.

3.8. Data Quality Assurance (Validity and Reliability)

A pilot test was conducted to examine the internal consistency of the questionnaire items. The pilot test was carried out on 10 samples. To be sure necessary modification was made on the items and unclear questions were modified or removed from index. Accordingly a reliability coefficient was obtained through a test-retest method.

3.9. Ethical Considerations

The researcher considered all research ethics while conducting this study. The researcher also took into account the research values of voluntary participation, confidentiality and protection of respondents from any possible harm that could arise from participating in the study. Thus, the researcher introduced the purpose of the study that it was for academic purpose and not for any other hidden agenda. Then, the researcher informed the study participants to participate in the study on a voluntary basis and refuse or abstain from participating in the study if they were not comfortable to participate in the study. The researcher also assured

the study participants' confidentiality via using information obtained from them for study purpose and kept secretly since the study participants were anonymous to anybody.

3.10. Description of the Study Variables

3.10.1. Dependent variables

Dependent variable of this study is a socio-economic status improvement. Socio-economic is a poverty- related concept. However, socio-economic can be defined as the study of factors that have a negative influence on an individuals' economic activity including:- lack of education, cultural and religious discrimination, overpopulation, unemployment and corruption. Thus poverty is a socio-economic problem. Poverty is also a variable that determines one's socio-economic status - meaning, an individual's or group's situation within a hierarchical social organization which depends on a combination of variables, including occupation, education, income, wealth, and place of living. As per the United Nations, poverty is basically a denial of choices and opportunities, and an abuse of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to; not having the land on which to cultivate one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living in on marginal or fragile environments, without access to clean water or sanitation (UNDP 1998). Therefore, generally, the goal of the socio-economic study is to bring about socioeconomic improvement, usually in terms of enhancement in metrics such as GDP, life expectancy, literacy, levels of employment, decision-making ability among others. Although harder to measure, changes in less tangible factors are also considered, such as personal dignity, choice of relationship personal safety and freedom from fear of physical damage and the extent of participation in civil society. (Lawson 2006).

3.10.2. Independent variables

Family size – the number of people in a family. A family is said to have small size if it compares father, mother and (usually one to four) children. A large family size is made of father, mother and more than four children.

Education – improves the quality of their lives and lead to broad social benefits to individuals and society. It helps to attain a quality of, life; educated people have quality better

than an uneducated person. Education of women often argued to increase the women empowerment in household decision making. Most women are dependent economically and socially on the male members of the society, therefore, the education of women considered important. If they are highly educated they are aware of their rights and will give them self confidence in taking decisions at the domestic level.

Occupation – an activity or task with which one occupies one self; usually specifically the productive activity service, trade, or craft for which one is regularly paid. It is the principal business of one's life; the principal work by which one earns one's livelihood.

Loan- a thing that is borrowed especially a sum of money that is expected to be paid back with interest.

Saving – is income not spent- or deferred consumption. Putting money aside in, forexample, a deposit account. It is reducing expenditures.

Training –It has specific goals of improving one's capability, capacity, and performance. It is offered by the institution to their business clients to help them operate more efficiently. It significantly increases client loyalty and facilitate marketing intelligence.

Residence – is a place, especially the house, in which a person lives or resides; dwelling place; home.

CHAPTER FOUR

4. RESEARCH FINDINGS AND DISCUSSIONS

4.1. Introduction

The main objective of this study was to investigate the role of microfinance services in improving the socio-economic status and living standard of women in Gibe district in Hadiya Zone, Ethiopia. So this chapter describes the socio-economic and demographic characteristics of the survey respondents. It also entails the frequency distribution of the age, marital status, and family size, level of education, religious affiliation, occupation, residence and income of the respondents. It also covers the findings from the interview and focus group discussion participants related to the loan, savings, constraints encountered in accessing and using micro-loan and the findings related with the overall contribution of vision fund microfinance in improving the socio-economic status of women in the study area.

4.2. Socio-demographic Characteristics of the Respondents

It was important to find out from the respondents their age, marital status, family size, educational level, religion, occupation and residence. These specific characteristics would affect their participation in the microfinance projects. In the table that follows, you can find the description of the specific socio-demographic characteristics of the survey respondents.

Table 4.1 Socio-demographic Characteristics of the Respondents

Chractrestics	Alternatives	Frequency	Percent (%)
Age	28-33	59	28
	34-39	124	59
	46 years and above	26	13
	Total	209	100
Marital Status	Single	13	6
	Married	190	91
	Widowed	4	2
	Divorced	2	1
	Total	209	100
Educational Level	Illiterate	37	17.7
	Primary (1-8)	123	59
	Secondary (9-10)	27	13
	Preparatory (11-12)	2	1
	Diploma	18	8.6
	Degree and above	2	1
	Total	209	100
Religious Affiliation	Orthodox	20	10
	Protestant	189	90
	Total	209	100
Occupation	Farmer	62	30
	Petty trade	124	59
	Daily labourer	3	1.4
	Civil servant	20	9.6
	Total	209	100
Household size	Less than 4	100	48
	5-10	107	51
	More than 10	2	1
	Total	209	100

Source: survey data result, 2019

Regarding the age structure of the respondent, 28% of respondents are found between 28-33 age categories, 59% of the respondents are found in the range of 34-39 years age group. Whereas 13% of the respondents are found in the age group 46 years and above. The majority of the respondents that is 87% are found in the age range of 28-39 years and the remaining 13% of the respondents are found in the age range of 46 years and above. Therefore, this result illustrates that almost all of the sample respondents are the active sections of the societies. That means their ages are in the productive part ages 15 to 64 or the dependent part ages 0-14 and above 64 are not found in the sample respondent age group. This may be that the microfinance institution policies and strategies accommodate mostly active and productive age group of people as shown in the table below. So this is the fact that this age group has several responsibilities to undertake especially paying school fees and feeding the family.

In relation to marital status of the respondents, out of 209 total respondents 6% of the respondents are single or never married while 91% of the respondents are legally or traditionally married. The widowed and divorced sample respondents accounted for about 2% and 1% respectively. So highest level of marriage and lowest level of divorce among respondent indicates the effectiveness of traditional social control mechanisms that ensure the stability of marriages in surveyed communities in the study area. The figure also shows that most proportions of married and single are able to participate in microfinance institution. It was also found that because some microfinance institution focus on women, the husbands encourage their women to get the loan to start a business, or pay school fees or purchase household items and they in turn assist in the loan repayment.

Regarding the educational level of the respondents, 59% are primary (grade 1-8), 17.7% are illiterate, 13% are secondary (grade 9-10) while 8.6%, 1% and 1% of the respondents are diploma, preparatory (11-12), and degree respectively. From these the researcher concluded that about 23.6% of the respondents' educational level falls under secondary, preparatory, diploma and degree. Therefore, educated women help to reduce poverty through various channels, including being able to earn more income, postponing child birth and having more knowledge of how to care for their children. But the majorities about 76.4% of the respondents are under grade-8 and illiterate.

In relation to religion 90% of the respondents are Protestant while the rest 10% of the respondents are Orthodox Christianity.

Furthermore, from the above table there is no Muslim respondent who took the loan from microfinance institution. This may be a matter of concern for Muslims due to the consequences of dealings with interest (riba). Islamic teaching does not allow a fixed return on capital, as charging and receiving interest is forbidden.

Interms of occupation the majority of the respondents, 59% are engaged in petty trade while 30%, 9.6%, and 1.4% are farmers, civil servants and daily laborers respectively. From this, it is possible to conclude that petty trade and farming were the two dominant occupations that the respondents were engaged. Petty trade like small shops, retailing of agricultural products such as cereals, coffee, banana and the like. Farming involves a mix of crop production and animal husbandry. As it was observed and survey data shows, farming is more dominant; whereas animal rearing is considered as secondary in the study area.

Based on the change in women's self employment in comparison with the previous situation as one indicator; measurement was made on the types of activities in which women were engaged after credit program. Consequently, the study revealed that clients were engaged in different income generating activities as a result of the access to credit program. Therefore, the vast majority of the respondents were engaged in petty trade and farming activities.

A 34 years old woman, during the interview speaks how access to credit program helped her to improve her economy and saving habits. I and my group members took the loan of seven thousand five hundred ETB (7,500) each as an initial group based loan. Then I plan to start shoats fattening as self employing and income generating activity. Therefore, money I borrowed was used to buy sheep and goats in cheap price for fattening, then feed through and sell it with better price within short period of time. Such activity permits me to get income source and profit, and successfully repay the loan.

The result of the study also revealed that some of the respondents were engaged in various income generating activities like selling of local drinks like "tela" and retailers in small shops whereas some other respondents still engaged in crop or fruit selling trade side by side. The researcher observed and be able to understand the situation where majority of women have been engaged in more than one type of income generating activities side by side (source: researcher's field observation).

The researcher further asked FGD members and most of them stated that the reason for the improvement of their living was mainly attributed to micro-loan they had got from vision fund microfinance institution and investment on income generating activities.

For instance, 35 years old woman explained that;

Ahead of a year ago I used to stay home as house wife. While after joining vision fund microfinance institution and took the loan, I planned to start poultry production (animal husbandry) to produce meat or eggs for food and selling as an income generating business. Hence, now I am self-employed and running my own business and also my children got protein food.

Also another woman age-32 years old during the FGD supposed that;

Earlier to loan I was serving in the home. Conversely, after we had formed a group consisting of seven members and each of us secured loan of 5000 ETB from the vision fund microfinance institution. Then I started preparing local drink “borde” and selling it to feed my children and repay back. Appreciation to the vision fund microfinance institution, the credit enables me to start and expand business.

Concerning family size, 51% of the respondents have the family size of 5-10, 48% of the respondents have a family size of less than 4 and 1% of the respondents have the family size of more than 10. This shows that the highest number of family size for the respondents is the group of five to ten persons with 51% while a few respondents with 1% exceeded ten family size. The number of dependents featured as a contributory factor to the need and utilization of the loan from the microfinance institution. This is because the bigger the family, the greater the demands for the basic needs of life like food, clothing, shelter, wellbeing and education.

4.3. Residence

Residence is a place, especially the house, in which a person lives or resides; dwelling place; home.

Table 4.2 Place of Residence of the Respondents

Items		Alternatives	Frequency	Percent (%)
Residence		Rural	142	68
		Urban	67	32
		Total	209	100

Source: survey data result, 2019

From the table above we find that out of 209 total respondents, 68% of the respondents live in rural villages and 32% of them live in urban area. It can be concluded in this part that the majority of the respondents looking for loan from vision fund microfinance institution live in rural area. This is because about 80% of the study district population inhabited in rural area and also many microfinance institutions in our country mainly operate in rural areas.

4.4. Socio-economic Status of the Respondents

Accessing microfinance service has an expectation that leads to an increased in the client's income. Thus, to identify the role of vision fund microfinance services on the income of its clients, the study participants were asked to state their income before and after participating in the micro-loan program in the last three years.

Table 4.3 Monthly Income Before and After Credit

Income (Birr)	Before credit		After credit	
	Frequency	Percent (%)	Frequency	Percent (%)
Not improved (< 401)	177	85	110	52.6
Improved (> 401)	32	15	99	47.4
Total	209	100.0	209	100.0

Source: survey data result, 2019

The field survey result revealed that 177(85%) of women had an average monthly income less than (< 401) birr and the remaining 32(15%) of women had an average monthly income

greater than (>401) birr before the credit program. After the credit program, a lot of women came out of their previous monthly income i.e, less than (< 401 birr) and joined to the next income categories greater than (> 401 birr). When one sees the shift of women from their income before the credit to the income after credit could recognize that there were changes. The above comparisons also indicate that many of the women have managed to increase their incomes as a result of joining the microcredit program and get startup capital for income generating micro-business activities.

Getting access to startup capital from the microfinance institution, the amount of saving increase, generating profit from the new business activities and proper use of the profit, access to market for the micro-business products and increased demand for the goods and services were the major contributing factors for the increase of women's income levels in the study area (Source: field observation result 2019).

Concerning the maximum startup capital as loan and the attitude of clients on interest rate, the key informant revealed as follow;

The maximum startup capital as loan is depending on the activities the clients engaged. If the clients engaged on farm activity the maximum startup capital is 50,000ETB for a group of 3-5 members and repay it after 6 months or one year and the interest rate on this type of loan is 24%. If the clients engaged on non farm activities like trade the maximum startup capital for one person who have license is 20,000ETB and the repayment schedule is monthly. The interest rate on this type of loan is 19%. The attitude of the clients regarding to the interest rate of vision fund microfinance institution, some of them reveal it is low compared with other local money lender still others reveal the interest rate is high when it is compared with others operating in the district.

For instance, an interview with 36 years old woman engaged in preparing enjera explains how access to micro-credit program had helped to improve her income.

I took the loan of 2500 ETB from vision fund microfinance institution and immediately I expand my business and in which I bought clothes for my children, feed my family, and fulfill other basic requirements beyond the monthly loan repayment.

Also the result of the focus group discussion showed clients with a pattern of an increase in income after joining in the microfinance. A 37 year old participant with an experience of three years in the vision fund microfinance institution stated as follows;

I was involved in petty trade before joining microfinance but it was not easy to expand it. Following my membership in the vision fund microfinance institution, I was able to expand my business without difficulty and clear up my debts timely. My income has in some way improved after I joined the institution.

An interview with a key informant age-33 and officer of vision fund microfinance institution, in terms of services the institution extends to meet the specific needs of women and he stated as follow;

To realize the specific needs of women who engaged in different trading activities like in the shops, in the daily market, small restaurants, coffee and tea making activities_ the institution provide credit/loan and saving services. Not only credit and saving services but also it provides solar loan either in group or individually to overcome the problem of electricity especially women who reside in rural area. Hence, the solar replaces light energy in to electricity and gives light at night time. By doing so the institution improves the special needs of the women as well as their families.

An interview with institution manager in terms of challenges the institution face during provision of loan and saving services stated as follow;

The institution faces technological constraints in the operation. That means not all, but some functions of the institution depend on paper or manual data processing and need to be computerized. The institution also face high cost in the sense that loan officers would have to travel to the clients' business place for evaluation and monitoring. Infrastructures, communication and technology problem increases the operation cost for both lenders and borrowers. Further, the institution deals with the poorest in the society who are primarily illiterates and semi-literates. It is so difficult when dealing with these clients since they are most often related to poor management practices.

4.5. Training Condition and Supervision

The poor are characterized as risk of knowledge, lack of information, and lack of financial service. Therefore, to escape from poverty; the poor should get not only financial service like loan and savings but also it is essential to provide training, and education to develop the poor capacity and awareness in managing the financial services. Hence, sampled respondents were asked for their responses about supervision and training that is given by vision fund microfinance institution.

Table 4.4 Response on Training and Supervision

Items	Alternatives	Frequency	Percent (%)
How often do you attend training and awareness sessions after joining the MFI?	Always	13	6
	Sometimes	195	93
	Never at all	1	1
	Total	209	100
Have you been trained about loan use and business aspects?	Yes	181	87
	No	28	13
	Total	209	100
If yes, has it been adequate?	Yes	47	22.5
	No	162	77.5
	Total	209	100
In general, what is your attitude about training, follow up and supervision provided by VFMFI?	Excellent	8	3.8
	Very good	41	19.6
	Good	119	57
	Not good	41	19.6
	Total	209	100
What were you doing before you started the business?	Unemployed	132	63
	Employed in government organization	11	5
	Working unpaid in family business	66	32
	Total	209	100

Source: survey data result, 2019

In addition to their financial services provision, microfinance institution was planned to provide non-financial services. According to survey data, the majority about 93% of the clients said sometimes they attend training and awareness session after joining the microfinance institution, 6% of them attend always and 1% never at all attend the training.

In terms of loan use and business aspects about 87% revealed that they have got pieces of training at the time they are joining the program on loan terms and provisions at individual and group level, and 13% said they have not got training. Further 77.5% of the clients who attended previous loan training telling they were unsatisfied whereas only 22.5% of the clients said adequately. Generally, non-financial services like training, follow up and supervision provided by the institution is good at the time the clients are joining the program on loan terms.

Before joining the vision fund microfinance institution, about 63% of the respondents were unemployed, 32% of the respondents were working unpaid in the family business whereas only 5% of the respondents were employed in government organization. Therefore, from the above idea, the researcher concluded that about 95% of the respondents were unemployed or working unpaid in the family business.

An interview with the manager of vision fund microfinance institution, and he stated the following suggestions interms of financial literacy training;

The institution provides financial literacy training for the clients prior to loan disbursement. This is because understanding basic financial concepts allows clients to know how find the way in the financial system. Clients with appropriate financial literacy training make better financial judgments and manage money better than those without such training. However, the institution face challenges to continue giving training for the clients. The topography of the district and lack of basic infrastructure like appropriate roads are among the challenges the institution face to train the clients especially in summer season.

According to Chakrabarty and Bass (2013), microfinance institutions can endorse two strategies/policies regarding their services. One in which the microfinance institution follows its basic mission of exclusively providing financial services, and the other in which microfinance institution provide additional awareness services in addition to financial services to clients. The first microfinance policy specifically focused on the past and present

financial status of the clients. That is, the purpose of the business between the microfinance institution and clients is to provide clients who are determined creditworthy, with loans. These loans might be used to start micro-activities. The second policy/strategy, which encourages entrepreneurship by additionally providing knowledge resources for clients, focuses not just on the past and present financial status of the client but also in the client's future entrepreneurial preparations. Microfinance institution that choose to provide impoverished clients with knowledge services in addition to financial services do so to provide these clients with the tools necessary to take the risks needed to create and grow microenterprises.

4.6 Loan Service Accessibility Condition

Most of the women who joined vision fund microfinance institution were interested in accessing loan/credit for their businesses. Access to credit is assumed to have a positive impact on the working capital of clients which will then lead to an improvement in their businesses and so the wellbeing of these women. If the wellbeing of these women is improved, it is believed that some level of empowerment has been achieved. This is because it is assumed that they are now be able to do things that they initially could not do in their businesses.

Table 4.5 Distribution of Respondents in Terms of Loan Service Accessibility Condition

Items	Alternatives	Frequency	Percent (%)
For what purpose do you use the loan secured from VFMMFI?	Trade or Business	140	67
	Agricultural production	69	33
	Total	209	100
How do you repay your loan?	Sale of some property	64	31
	Proceed from trade	145	69
	Total	209	100
Loan repayment time interval set by VFMMFI is suitable for you?	Yes	189	90
	No	20	10
	Total	209	100
What is your reason to take a loan?	Education expense	30	14
	Agricultural production	75	36
	Petty/small trade	84	40
	Health expense	20	10
	Total	209	100
What do you think about loan size?	Large loan	38	18
	Medium loan	99	48
	Small loan	72	34
	Total	209	100

Source: survey data result, 2019

As indicated in table 4.5 above 67% of the respondents used the loan secured from microfinance for trade or business purpose while 33% of the respondents used it for agricultural purpose – to buy improved seeds and fertilizer. Concerning repay of the loan about 69% of the respondents keep on from trade, and 31% said from the sale of some property. Interm of repayment time interval set by vision fund microfinance institution out of the total sampled respondents, 90% stated it is suitable whereas 10% of the respondents revealed that the loan repayment time interval is not suitable. Regarding reason to take the loan about 40% of the respondents stated for petty or small trade, 36% of the respondents stated the reason for agricultural production whereas 14% and 10% of the respondents said for education and health expense respectively.

With regard to loan size about 18% of the respondents stated the loan size is large while the majority about 48% and 34% of the respondents revealed the loan size is medium and small respectively.

For instance, a key informant interview with 34 years old vision fund microfinance institution officer interms of services the institution provide and he stated as follow;

Vision fund microfinance institution started its operation in 2006 in Gibe district. From its appearance up to date the institution provides different services for the clients especially for women clients because this is one of the policy areas of the institution that means about 70% of the clients should be women. Therefore, the institution provide the services like agricultural loan, agri-business loan, consumption loan, individual loan, solar loan, improved cook stove loan, and sanitation loan and saving services like ordinary saving, coin box, and time deposit. Hence, the institution give priority for women clients who were poor and previously unemployed but want to engage in their own income generating activities or self-employment, so they got small loan to start up business. Some others also got small scale loan to expand their business they were doing before.

In addition, an interview with 34 years old woman participant clarified that;

Before joining vision fund microfinance institution I did not have a job. Following my membership in the institution, I was able to secure loans and started my own business. Hence, the loan is utilized for self-employed business.

In relation to time schedule set by vision fund microfinance institution and the lending methodology of the institution, the participants from focus group discussions (FGDs) reported the following ideas. Even though vision fund microfinance institution has two loan facilities_ the individual and group loans. In the focus group discussion some of the women clients were happy with the group loans because it enables them to access loans by cross guaranteeing each other and it is important to repay on time schedule. It is also important to share the knowledge within the group and to improve the management skills of money.

On the other hand, some of the participants would be happy with the individual loans as the group loans have some challenges. They criticized that some of their members after accessing the loan ran away with the money thereby leaving the burden of repayment on the rest of the group. This is because the loan of the defaulting member would have to be shared among the

rest of the group members. This means that the client pays for her loan and interest in addition to the money owed by the defaulting member. This then tends to burden the other group members thereby worsening their situation.

Another criticize was that, although members know the due date for repayment, some members will have to be chased before they submit their monies for repayment. For instance, some members leave for their work without even leaving their money behind to the group leaders when the loan is due for payment. Others too, after accessing the loans refuse to attend meetings. Therefore, these and other problems make difficult to repay the loan on time schedule set by the institution. So individual loan is preferable.

A key informant age-31 who was employee of the vision fund microfinance institution operating in the study area also suggested the following regarding the services accessibility to loan/credit.

The main service provided by the employees includes preparing the clients to access the loans, disbursement of the loan and the monitoring and supervision of the clients. The target groups for the services included women groups, individual members, business entrepreneurs and salaried employees. The process of accessing the loan from the vision fund microfinance institution was explained to include the fulfillment of different criterias such as; recommendation from the village chairman, group registration, group security, individual collateral, recommendation from employer, opening an account with the vision fund microfinance institution and beginning to save, loan application, and membership fees where applicable.

The researcher further interview with the key informant age-35 interms of loan service delivering to clients and how the institution ensure that the clients maintain control over the use of this loan. The key informant explained as follow;

Before the delivery of the loan, the officers provide training for the clients. Trainings like awareness training about business running procedure, business management, business plan preparation, and shows the advantages and disadvantages of their business plan.

An interview with 30 years old participant interms of loan repayment, loan accessibility condition and the interest rate, and she revealed as follow;

I took the loan of 5000 ETB to invest it on agriculture. After 6 months I repay it without difficulty. So the loan provided by vision fund microfinance institution is very important, easily accessible, fair and easy to process. Comparing with private money lenders, the interest rate and repayment system is also reasonably priced and most clients can manage to repay the loan and interest on time.

An interview with 32 years old participant interms of loan size and she revealed as follow;

It is my second time to take the loan from VFMTI. I use the money to buy cereals from the farmers and then to sale to the urban consumers. At the end of the year I realize that I do not have enough startup capital to engage in another activity this is because of small loan the institution provides and the profit I make in this business is very small. I don't know what to do with it other than buying and selling cereals. That is why I am always borrowing for the same purpose all the time.

From this, the researcher could observe that the major difficulty of clients is not only small loan but also lack of the basic skills on how to run business. One could observe that only loan provision could not bring the desired changes as far as the life of the poor is concerned. Equally important are business-skill trainings.

4.7. Saving Condition of the Respondents

Savings in microfinance are two types most commonly mandatory and voluntary savings. Mandatory saving is earlier savings required from borrowers, which is obligatory for loan clients and seen as partial collateral. Voluntary saving involves depositing any amount with no obligation to do so as in mandatory saving. Any amount can be saved and can also be withdrawn at request. Saving is also one of the critical indicators of improvement in the lives of clients of the microfinance program. Households with increased savings are believed to have better economic and investment capacities in addition to increased ability to withstand risks and difficult life situations and it is also one of the objectives of microfinance institution.

The participants of the study were asked the reason for their saving in the institution and the main reason for a significant number of clients who have personal cash savings is due to the exposure made possible by the loan program in terms of the training provided to participants. This helps to create initial awareness about the need to start and maintain savings. Similarly, the obligatory saving process inherent in the loan program gives the clients the necessary

experience on how to practice both mandatory and voluntary savings. Furthermore, their participation in the institution reduced the distance that used to go to find the saving institution. The institution workers once in a month go to the client's residential area, at the same time as the income generated from loan-financed business activities provides clients with an opportunity to save. Thus, saved money would help women clients to expand their businesses and to invest in new activities which could lead them to increase their income sources and to make purchases for their households (source: researcher's field observation 2019).

Table 4.6 Response on Saving Condition

Items	Alternatives	Frequency	Percent (%)
Do you have savings in the institution where you borrow?	Yes	209	100
	No	0	0
	Total	209	100
If yes what type of savings?	Mandatory	100	47.8
	Voluntary	5	2.4
	Both	104	49.8
	Total	209	100
During the last twelve months your cash savings?	Decreased	5	2.4
	Increased	196	93.8
	Remain the same	8	3.8
	Total	209	100
For what purpose do you save?	Loan repayment	38	18
	Asset building	48	23
	Safety of cash	5	2.4
	Social and food security	29	14
	Health and education expense	71	34
	Emergencies	18	8.6
	Total	209	100

Source: survey data result, 2019

The table above describes that all (100%) of respondents have savings in the institution where they borrow. From these savings, 47.8% of the respondents used mandatory saving while 49.8% of the respondents used both voluntary and mandatory savings and the remaining 2.4% used only voluntary saving. The reasons were being a pre-requisite for mandatory saving and individual willingness to save in the institution. The respondents were also asked for the last twelve months saving condition, 93.8% of the respondents said their saving increased because of interest whereas 2.4% and 3.8% of the respondents said decreased and remain the same respectively. Majority of the respondents 34% said that they save mainly to pay the health and education cost, 23% of the respondents said for asset building, 18.2% of the respondents said to pay loan while 14%, 8.6% and 2.4% of the respondents said that they save essentially in support of social and food security, emergencies, and safety of cash from risk respectively. In general, according to the findings of the study the main reason for respondents saving was to pay health and education cost and asset building. Therefore, having some amount of savings is believed to help them build confidence to pay different costs.

For instance, interview with 46 years old woman client interms of change on her family and she stated as follow,

It is the fact that my involvement with vision fund microfinance institution had impacted positively on my family. It leds to an improved relationship with my husband because I am in a better position to contribute towards the upkeep of my home and children. Even if my husband was not around and there is the need to provide for certain family emergencies, I can do so. For instance, if any of my children are taken ill suddenly, I can took the child to the health center for medical attention without waiting for my husband.

The key informant also affirmed that microfinance had positive impact on the socio-economic status of the women. This was in as far as the women had started and expanded their income generating activities and had opened and operated a savings bank account in their own names which they used to deposit and withdraw own funds. The women had also been able to pay school fees for their children as well as purchase household items and other basic necessities.

4.8. The Effect of Loan and Saving Services on Women

Before presenting the effect of loan and savings has on social and economic conditions of women, it would be helpful to see how women's socio-demographic are significant in influencing their loan and income-gaining efforts. In this regard, binary logistic regression model was used to identify the role of microfinance in improving economic status of women. Variables included in the model were tested to check the existence of multi co-linearity effect.

Table 4.7 Parameter Estimate of the Logistic Regression Model

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Family size	.375	.344	1.185	1	.276	1.454
L.education	.465*	.181	6.592	1	.010	1.593
Reside(1)	-.961*	.354	7.354	1	.007	.382
Step 1 ^a Loan size	.121	.217	.309	1	.579	1.128
Saving	.196*	.092	4.547	1	.033	.822
Training	.648	.539	1.450	1	.229	1.913
Constant	-1.369	1.299	1.110	1	.292	.254

a. Variable(s) entered on step 1: F.size, L.edu, Reside, loansize, do.save, trained.

Source: SPSS (Model output:* significant at 5% probability level)

The result of binary logistic regression model was presented in the above table; some of independent variables were found on role of income improvement in study area. These were family size (F. size), level of education (L.edu), Residence, loan size, purpose of saving, and training about loan utilization. From the listed variables the significant variables were discussed in detail in the following section.

The variable education has positive relation with improvement of income and significant effects at 5% probability level. Other factor hold constant the odds ratio /EXP (B)/ in favor of increasing income improved by factor of 1.593 as the respondents education level increased.

The variable residence was significantly affects the probability of economic improvement at 5% significant level but it has negative relationship with income improved. This implies that all other things being kept constant the odd ratio favor of income of respondent decreased by

factor 0.382 for those respondents who have lived in rural area compared to urban. The possible reason for this is a participant having major type rural women cannot access to use microfinance credit to generate more income compare to urban area women. Hence, the results reveals residence in rural area can negatively affect income improvement. This idea would encourage to giving more emphases to rural area women in participation in microfinance credit programs or activities.

The variable saving was significantly affects the probability of improving income at 5% significant level. This implies that all other things being kept constant the probability of odd ration favor economy improved or increased by 0.822 for those respondents who have increased saving from the same types of income. The possible reason for this is a participant having major type income expands to investment purpose at this time constraint of income can be reduced. This idea would encourage household to participate in saving activities.

Generally, others variables in a model such as family size, loan size, and training about loan utilization were positive or direct relationship between economic/income improvement of the respondents but not significant at 5% level.

4.9. Discussion

On the assessment of the contribution of receiving a loan from microfinance in enhancing the income level of women, the study intensely revealed that the loan secured from microfinance had diverse effects like to enable one start a trade or business (self employment) and used it for agricultural purpose – to buy improved seeds and fertilizer indicated by a total of 67% and 33% respondents respectively who agreed to this hence conquering with the work of Hulme and Mosley (1996) at the same time the finding supported Khandker (2001) reports of his research that microfinance loan helped with the creation of employment. Adil and Badar (2003) conducted a research to examine the impact of micro-loan on agricultural production, poverty status, saving, income and consumption of the farmers in Pakistan. The results indicated positive changes in agricultural production, poverty status, saving, income, consumption and farm expenditure after the utilization of loan.

Another effect of micro-loan was that of to allow access to education and health services, referring to the research findings a total of 14% and 10% respondents respectively were in line with the opinion of Mosley and Rock (2004) that posited that microloan increased human capital to spend on health and education requirements. Godquin (2002) works on improving

the repayment rate may possibly help to reduce the dependence on subsidies and help the microfinance institution reach a better sustainability level. It is also argued that high repayment rates reflect the adequacy of microfinance institution's services to clients' needs and limit the cross financial support of the borrowers. This was clearly indicated from the research findings as a total of 69% and 31% respondents successfully repay their loan from trade and sale of some property respectively.

On the analysis of the effects of credit on social status of women after the credit, Akram and Hussain (2011) researched to evaluate the role of microfinance in raising the living standard of low income people of District Okara, Pakistan. Borrowers of microfinance from major microfinance institutions operating in the district were studied. Positive impact of micro-credit on income level and customers' satisfaction level about the services of microfinance institutions were observed. This was indicated from the research findings as a total of 47.4% respondents agreed on that and other social development like poverty eradication, employment generation and social harmony.

On the analysis of the effects of training service provisions in economic conditions of women, the research finding supports the works of Mosley and Rock (2004) who posited that training services from the microfinance such as those of financial literacy trainings helped to stabilize community income so reducing the vulnerability of the poor. Microfinance institution that choose to provide impoverished clients with knowledge services in addition to financial services do so to provide these clients with the tools necessary to take the risks needed to create and grow microenterprises (Chakrabarty and Bass 2013). This was clearly indicated from the research as a total of 87% respondents agreed that this was right.

On the analysis of the effect of saving services on the economic status of women, Simonwitz (2002) reports that clients diversified their income sources and purchase food in larger quantities leading to a significant consumption smoothing. And he also found that 86% of the clients were able to increase savings. Rutherford (2009) asserted that a small amount of savings in safe place provides resources to manage consumption needs, smooth irregular income, and cover expenditure of health and education. This report is evidently backed up by the results from the study where a total of 34% respondents agreed to positive effects of savings to fund for health and education services as 23% and 18.2% respondents added that savings positively influenced for asset building, and to pay the loan respectively, and 14% respondents agreed essentially in support of social and food security.

Bangladesh Rural Advancement Committee (1996) presented an elaborate impact assessment study in Bangladesh finding that members, who had been in the program for longer than four years were able to build up assets by 112% and increase their household expenses by 28%. Furthermore, Zaman (2000) analyzed household level data and demonstrates that the accessibility of financial services to Bangladesh Rural Advancement Committee clients makes them less vulnerable through smoothing consumption and building assets.

Littlefield et al. (2003) argue that the chance for children of micro-entrepreneurs to go to school is higher and they also stay in school for longer. Moreover, student drop-out rates in those families are substantially lower. Microfinance institutions have recognized this priority and started to come up with new credit and savings products modified to school expenses.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

Women in Ethiopia are marginalized from economic, social and political empowerments due to complex reasons. As a possible approach to poverty alleviation and development, microfinance is planned to assist the poor, particularly women, to bring about socio-economic improvement across the globe, while the Ethiopian experience remains open for further study and investigation. As such the present study investigates the role of microfinance in improving the socio-economic status and living standard of women, taking the case of vision fund microfinance in Gibe district, Hadiya zone, Ethiopia.

Concerning the loan/credit it was observed from the research that the vision fund microfinance institution micro-loan/credit scheme has positive impact on the socio-economic status of the women. The study intensely revealed that the loan secured from microfinance had diverse effects like to enable one start a trade or business (self employment) and used it for agricultural purpose.

Another important aspect that was established as an impact for the women from the microfinance was the mobilization of savings and opening of personal accounts. Through the microfinance funds, the women in the study area had been able to start and expand their income generating activities. It becomes easier for the women to startup income generating activities such as retail trade in shops, petty trade in daily markets or along the road sides, livestock raring, and farming. By doing so they could easily accomplish the requirements of household expenses and needs of income. Therefore, their living standard and access to the essential facilities of life improved.

Concerning the training condition the institution provides financial literacy training for the clients prior to loan disbursement. This is because understanding basic financial concepts allows clients to know how find the way in the financial system. Clients with appropriate financial literacy training make better financial judgments and manage money better than those without such training. This directly results in human development indicators like health, education and nutrition.

In general, as part of a broader effort to increase awareness and organize women, microfinance loan/credit could play an important role as an entry point to empowerment. First, women increase their ability to take loans. Second, repay them and accumulate saving can raise their self-confidence and sense of self-worth. Lastly, participation in loan program can result in increased status for women in the household and community level.

5.2. Recommendations

These recommendations from the research results are geared towards making policies the institution level to enable the provision of better services to the clients. This is because microfinance institution has been in existence in the study area for over fourteen years and people have benefited from the services, therefore, it is central to address the needs of the clients to complement operations for more impact in the study area in particular and the country in general.

- ❖ The microfinance institutions should increase on the amount given as loans to the clients and it should collaborate with and facilitate the local government technical and extension workers to monitor and supervise their clients in the areas where they operate.
- ❖ The institution should deeply involved on clients training, supervision, monitoring and follow up to avoid financial literacy, and money mishandling.
- ❖ Despite the institutional commitment to reach the target disadvantaged poor in rural and urban area some conditions like fixed and limited loan size and higher compensating balance, and especially lending methodology limited the scope of addressing poor's demand for loan. As a result, it is necessary to design suitable institutional procedures; probably flexible loan size based on the scope of intended activity, reasonably lower compensating balance.
- ❖ To minimize the operation cost and to increase the out reach performance of the microfinance institution; the government is recommended to facilitate innovation in the microfinance institution by recognizing innovators and get involved in improving the basic infrastructures like better road construction, and electricity.

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Appendix 1

Jimma University

College of Social Sciences and Humanities

Department of Sociology

M.A in Sociology (Social Policy)

Questionnaires for clients

Dear respondent,

This questionnaire is prepared by Mihreteab Madiso, a student of Jimma University Masters Program in Sociology (Specialization in Social Policy). Currently I am conducting a research work on the topic = “The Role of Microfinance in Improving the Socio-economic Status of Women: The case of Vision Fund Microfinance in Gibe District/Woreda, Hadiya Zone, Ethiopia.” The purpose of this questionnaire will be to investigate the role of Microfinance Institutions in Improving the Socio-economic Status of Women and the results will be used to inform policy makers and development planners in the country with practical facts about the part played by microfinance institutions in improving the socio-economic status of women, especially focusing in Gibe District. All the information you provide is totally sought for academic purposes and shall be kept strictly confidential. Your answers will be combined anonymously with all the others we talk with to form a report. Please feel free to share your experiences regarding the part played by microfinance institution. Thank you for your help!

Researcher contact address: mihretea.madiso@gmail.com or phone number +251 912426971

A. Demographic characteristics of the respondent

Remember: Put (√) mark on the box to answer your choose.

1. Age of the respondent (in year) (A) 28-33 (B) 34-39 (C) 40-45 (D) 46 and above
2. Gender: (A) Male (B) Female
3. Marital status: (A) Single (B) Married (C) Widowed (D) Divorced

4. Family size: (A) Less than 4 (B) 5-10 (C) more than 10
5. Level of education: (A) Illiterate (B) Primary (1-8) (C) Secondary (9-10)
(D) Preparatory (11-12) (E) Diploma (F) Degree and above
6. Religion: (A) Orthodox (B) Muslim (C) Protestant (D) Catholic (E) Others
7. Occupation: (A) Farmer (B) petty trade (C) daily laborer (D) Civil servant
8. Residence: (A) Rural (B) Urban

B. Socio-economic condition of the respondent

9. Your average monthly income before credit (in birr)
- (A) Not Improved (< 401) (B) Improved (>401)
10. Your average monthly income after credit (in birr)
- (A) Not Improved (<401) (B) Improved (>401)
11. Did you have your own income source before joining this credit program?
- (A) Yes (B) No
12. If yes, after joining the loan/credit program what would have happened to your personal or family income? (A) Increased (B) Decreased (C) Remain the same
13. Were you able to pay you and your family medical and education fee before involvement in Vision Fund Microfinance Institution credit program? (A) Yes (B) No
14. If yes, how do you explain the differences in terms of before and after joining the credit?
- (A) Better before joining the credit program (B) Better after joining the credit program
(C) Remain the same

C. Loan or credit service accessibility condition

15. For what purpose do you use the loan secured from the microfinance institution?
- (A) Purchase of food items (B) Trade or Business (C) Agricultural production

If any other, specify _____

16. How do you repay your loan? (A) Sale of some property (B) Proceeds from trade
(C) Transfer payments from family or relatives

17. Is the loan repayment time interval set by Vision Fund Microfinance Institution is suitable for you? (A) Yes (B) No

18. What is your reason to take a loan? More than one possible answer.

- (A) To expand my business (B) To solve the serious problem of my lack of money
(C) Agricultural production (D) Petty trade (E) Health and education expense

If any other, specify _____

19. Does vision fund microfinance institution give enough time to repay the loan?

- (A) Yes (B) No

20. What do you think about the loan size? (A) Large (B) Medium (C) Small
(D) Very small

D. Training condition or non-financial services

21. How often do you attend training and awareness sessions after joining the microfinance institution? (A) Always (B) Sometimes (C) Never at all

22. Have you been trained about loan utilization and business aspects?

- (A) Yes (B) No

23. If yes, has it been satisfactory? (A) Yes (B) No

24. What effect has your access to loan had on your relationship with your business partners (suppliers or customers)? _____

25. In general, what is your opinion about training, follow up and supervision provided by the institution? (A) Excellent (B) Very good (C) Good (D) Not Good

26. What were you doing before you started the business?

(A) Unemployed (B) Employed in government organization (C) Working unpaid in family business

If any other, specify _____

E.Saving condition

27. Do you have savings at the institution from where you borrowed?

(A) Yes (B) No

28. If yes, what type of savings? (A) Compulsory (B) Voluntary (C) Both

29. During the last 12 months have your cash savings?

(A) Decreased (B) Increased (C) Remains the same

30. For what purpose do you save? More than one possible answer.

(A) Loan repayment (B) Asset Building (C) Safety of cash from damage

(D) Social and food Security (E) Health and Education expense (F) Emergencies

31. What effect has your involvement with vision fund microfinance institution had on your savings habit? _____

Appendix 2
Jimma University
College of Social Sciences and Humanities
Department of Sociology
M.A in Sociology (Social Policy)

Guiding questions for key informant interview

Dear informants,

This interview guide is prepared by Mihreteab Madiso, a student of Jimma University Master's program in Sociology (Social Policy). The interview guide mainly focuses on the vision fund microfinance institution managers, officers and other concerned bodies to provide information about "the role of vision fund microfinance institutions in improving the socio-economic status of women." So, please I kindly request you to provide me the necessary information.

Thank you in advance!

1. When did vision fund microfinance institution started the service in Gibe district?
2. What type of services the institution provide for clients?
3. What was the main challenge the institution face during the provision of credit/loan and saving services?
4. Working with women clients are the institution's objective?
5. What is the maximum start-up capital as loan provided? Is it adequate to run a business?
6. Do women have access to individual or group loans?
7. Do you have any specific services that have been developed to meet the specific needs of women?
8. Does the organization engage in financial literacy training?
9. In delivering the loan services to women clients, how do you ensure that they maintain control over the use of this loan?
10. Does the organization promote and facilitate access to other organizations working on gender improvement and equality? For instance, women's legal aid, reproductive health services, women's adult literacy?

Appendix 3
Jimma University
College of Social Sciences and Humanities
Department of Sociology
M.A in Sociology (Social Policy)

Guiding questions for Focus Group Discussions (FGDs)

Dear Discussants,

These questions for discussion are prepared by Mihreteab Madiso, a student of Jimma University master's program in Sociology (Social Policy). So it is important to gather information about "the role of vision fund microfinance in improving the socio-economic status of women."

1. Did you have a business before joining the program? If so, explain?
2. Before joining the credit program what kind of decisions did you make about your family?
3. After joining the program, what is your role in the family now?
4. What goals did you have for your business?
5. Which lending methodology is better for you? Group or individual?
6. What factors do you think influence women's accessibility to microfinance services?
7. How did you manage your business?
8. Do you think your membership to vision fund microfinance institution has improved your economic wellbeing?

Appendix 4
Jimma University

College of Social Sciences and Humanities

Department of Sociology

M.A in Sociology (Social Policy)

Guiding questions for women clients

Dear participants,

These questions for discussion are prepared by Mihreteab Madiso, a student of Jimma University master's program in Sociology (Social Policy). So it is important to gather information about "the role of vision fund microfinance in improving the socio-economic status of women."

1. What benefits do you get from your business? Focus both financial and non-financial benefits.
2. Did you encounter any challenge regarding start up and management of your business?
3. What effect has your involvement with vision fund microfinance institution had on your family?
4. What is your current income level in comparison to the one prior to joining the microfinance institution?
5. What factors do you think influence women's accessibility to microfinance service?
6. What do you think about the vision fund microfinance institution loan accessibility condition, interest rate and the repayment procedure?
7. What do you think about the vision fund microfinance institution loan size?

በጅማ ዩኒቨርስቲ
በማህበራዊ ሳይንስ እና ሂውማኒቲ ኮሌጅ
በሶስዮሎጂ ትምህርት ክፍል

የሶስዮሎጂ (ማህበራዊ ፖሊሲ) ማስተርስ ፐሮግራም

ውድ የመጠይቅ ሚላሽ ማጠቃለያ:-

ይህ መጠይቅ የተዘጋጀው በጅማ ዩኒቨርስቲ በሶስዮሎጂ (ማህበራዊ ፖሊሲ) ማስተርስ ተማሪ በሆኑት በምህረተክብ ማዲሶ ነው። በአሁኑ ጊዜ የምርምር ስራዬን «የማይክሮ ፋይናንስ ሚና የሴቶችን ማህበረ ኢኮኖሚያዊ ደረጃ ከማሻሻል አንጻር» በሚል ርዕስ ላይ በሀድያ ዞን በግቤ ወረደ ቪዥን ፈንድ ማይክሮ ፋይናንስ ተቋም ላይ እየሰራሁ እገኛለሁ። ስለዚህ እባክዎን ማይክሮ ፋይናንስ ተቋም አገልግሎትን በተመለከተ ያለዎትን መረጃ በነጻነት ያከፍሉ። ስለ ትብብርዎ አመሰግናለሁ!

የተማሪ አድራሻ: mihreteamadiso@gmail.com ወይም ስልክ ቁጥር +251 912426971

ሀ. የምላሽ ሰጭው ባህሪያት

ያስታውሱ: ምርጫዎን ለመመለስ በሳጥኑ ላይ ምልክት ያድርጉ (v)፤

1. የአመልካች ዕድሜ (በዓመት) (ሀ) 28-33 (ለ) 34-39 (ሐ) 40-45
(መ) 46 እና ከዚያ በላይ
 2. ያታ፤ (ሀ) ወንድ (ለ) ሴት
 3. የጋብቻ ሁኔታ፤ (ሀ) ያለገባ/ች (ለ) ያገባ/ች (ሐ) የሞተባት (መ) የፈተች
 4. የቤተሰብ ብዛት: (ሀ) ከ 4 በታች (ለ) ከ 5-10 (ሐ) ከ10 በላይ
 5. የትምህርት ደረጃ፤ (ሀ) ማንበብና መጻፍ የመይችል (ለ) የመጻመሪያ ደረጃ ት/ቤት (1-8)
(ሐ) የሁለተኛ ደረጃ ትምህርት ቤት (9-10) (መ) ፐሮግራም (11-12) (ሠ) ዲፕሎማ
(ረ) ዲግሪ እና ከዚያ በላይ
 6. ሃይማኖት፤ (ሀ) ኦርቶዶክስ (ለ) ሙስሊም (ሐ) ፕሮቴስታንት (መ) ካቶሊክ
(ሠ) ሌሎች
 7. ሥራ፤ (ሀ) አርሶ አደር (ለ) አነስተኛ ንግድ (ሐ) የቀን ሰራተኛ (መ) የመንግስት ሰራተኛ
 8. መኖሪያ ቤት፤ (ሀ) ገጠር (ለ) ከተማ
- ለ. የምላሽ ሰጪው ማህበረ-ኢኮኖሚያዊ ሁኔታ**
9. ከብድር ፐሮግራም በፊት የርስዎ አማካይ ወርሃዊ ገቢዎ
(ሀ) ከ 401 ብር በታች (ለ) ከ 401 ብር በላይ
 10. ከብድር ፐሮግራም በኋላ የርስዎ አማካይ ወርሃዊ ገቢ
(ሀ) ከ 401 ብር በታች (ለ) ከ 401 ብር በላይ
 11. ይህን የብድር ፐሮግራም ከመቀላቀልዎ በፊት የራስዎ የገቢ ምንጭ አለዎት?
(ሀ) አዎ (ለ) የለም

12. ለ 11 ጥያቄ መልሱ አዎ ከሆነ የብድር ፕሮግራም ከተቀላቀሉ በኋላ ለራስዎ ወይም ለቤተሰብዎ ገቢ ምን ሊሆን ይችላል? (ሀ) ጨምሯል (ለ) ቀንሷል (ሐ) በተመሳሳይነት ይቀጥላል

13. ቪ.ቫርን ፈንድ ማይክሮ ፋይናንስ ተቋማት ብድር ፕሮግራም ከመሰተፎዎ በፊት ለእርስዎ እና ለቤተሰብዎ የጤና እና የትምህርት ክፍያ ሊከፍሉ ይችሉ ነበር? (ሀ) አዎ (ለ) የለም

14. ለ 13 ጥያቄ መልሱ አዎ ከሆነ የብድር ፕሮግራም ከማገኘቱ በፊት እና ከተገኛ በኋላ የነበረው ልዩነቶችን ያብራራሉ? (ሀ) የብድር ፕሮግራም ከመሳተፍ በፍት የተሻለ ነው (ለ) የብድር ፕሮግራም ከተቀላቀሉ በኋላ የተሻለ ነው (ሐ) ልዩነት የለም

ሐ. የብድር አገልግሎት ተደራሽነት ሁኔታ

15. ከቪ.ቫርን ፈንድ የገንዘብ ተቋም የተሰጠውን ብድር ለምን ዓላማ ይጠቀሙበታል?

(ሀ) የምግብ ዓይነቶችን ለመግዛት (ለ) ለንግድ ስራ (ሐ) ለግብርና ስራ

ሌላ ካለ ይገለጽ _____

16. ብድርዎን እንዴት መክፈል ይችላሉ?

(ሀ) ንብረትን በመሸጥ (ለ) ከንግድ ላይ የተገኘ ገቢ (ሐ) ክፍያውን ከቤተሰብ ወይም ከዘመድ ማዛወር

17. የቪ.ቫርን ፈንድ ማይክሮ ፋይናንስ ተቋም ለእርስዎ አመቺ የሆነው የብድር ክፍያ ጊዜ ይሰጣል?

(ሀ) አዎ (ለ) አይደለም

18. ብድር ለመውሰድ ያቀረቡት ምክንያት ምንድን ነው? ከአንድ በላይ የሚሆኑት መልሶች፡- (ሀ) ንግድ ለማስፋፋት (ለ) ከባድ የገንዘብ ችግርን ለመቅረፍ (ሐ) ለግብርና ምርት

(መ) ጥቃቅን ንግድ (ሀ) የጤና እና የትምህርት ወጪን ለመሸፈን

ሌላ ካለ ይገለጽ _____

19. የቪ.ቫርን ፈንድ ማይክሮ ፋይናንስ ተቋም ብድሩን ለመክፈል በቂ ጊዜ ይሰጣል?

(ሀ) አዎ (ለ) አይደለም

20. የብድር መጠንን በተመለከተ እርሶ ምን ይለሉ? (ሀ) ከፍተኛ (ለ) መካከለኛ (ሐ) ዝቅተኛ
(መ) በጠም ዝቅተኛ

መ. የስልጠና ሁኔታን በተመለከተ

21. ማይክሮ ፋይናንስ ተቋማትን ከተቀላቀሉ በኋላ በየጊዜው ስልጠና እና የግንዛቤ ክፍለ ጊዜ ምን ያህል ተካፈሉ?

(ሀ) ሁልጊዜ (ለ) አንዳንድ ጊዜ (ሐ) በጭራሽ አያስተምርም

22. ስለ ብድር አገልግሎት እና ስለ ንግድ ስራ ስልጠና ወስደዋል?

(ሀ) አዎ (ለ) የለም

23. አዎን ከሆነ አጥጋቢ ነው ወይ? (ሀ) አዎ (ለ) የለም

24. ብድር ማግኘቱ ከንግድ አጋሮችዎ (አቅራቢዎች ወይም ደንበኞች) ጋር ባለዎት ግንኙነት ላይ ምን አይነት ውጤት ያስከትላል? _____

25. በአጠቃላይ በተቋሙ ስለ ስልጠና፣ ክትትል እና ቁጥጥርን በተመለከተ የእርስዎ አመለካከት ምንድን ነው?

(ሀ) እጅግ በጣም ጥሩ (ለ) በጣም ጥሩ (ሐ) ጥሩ (መ) ጥሩ አይደለም

26. ንግድዎን ከመጀመርዎ በፊት ምን እያደረጉ ነበር?

(ሀ) ስራ የሌለው (ለ) በመንግስት ድርጅት ውስጥ ተቀጠሪ (ሐ) ለቤተሰብ ያለክፍያ መስራት

ሌላ ካለ ይግለጽ _____

ሠ. የቁጠባ ሁኔታ

27. ከተበደሩበት ተቋም ውስጥ የቆጠቡት ገንዘብ አላዎት ወይ?

(ሀ) አዎ (ለ) የለም

28. አዎ ከሆነ ምን ዓይነት የቁጠባ?

(ሀ) ግዴታ የተገልጋይነት ቁጠባ (ለ) በፈቃደኝነት የተያዘ ቁጠባ (ሐ) ሁለቱም አይነት ቁጠባ

29. ባለፉት 12 ወራት ውስጥ ያጠራቀሙ ገንዘብዎ በቁጠባ ለይ አለ?

(ሀ) ዝቅተኛ ነው (ለ) ከፍ ያለ ነው (ሐ) ያንኑ ነው

30. ለምንድነው የቆጠቡት? ከአንድ በላይ የሚሆኑት መልሶች

(ሀ) ብድርን ለመክፋል (ለ) ንብረት ለመፍራት (ሐ) ገንዘብን ከሌባ ወይም ከጉዳት ለማደን

(መ) ለመሀበራዊ እና ለምግብ ዋስትና (ሠ) ለጤና እና ለትምህርት ወጪ (ረ) ለአስቸኳይ ጊዜ ሁኔታ

31. እርስዎ ከቪዥን ፈንድ ማይክሮ ፋይናንስ ተቋም ጋር የሚያደርጉት ተሳትፎ በቁጠባ ለይ ምን ያህል ውጤት ይኖረዋል? _____
