



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE IMPACT OF MICROFINANCE FINANCIAL SERVICES ON THE
ECONOMIC EMPOWERMENT OF WOMEN: THE CASE STUDY OF
WISDOM MICRO FINANCING INSTITUTION S.C, AT WOLISO WORDA**

BY

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ADDIS ABABA, ETHIOPIA

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APPROVED BY BOARD OF EXAMINERS

As member of the board of examiners of the MA thesis open Defense Examination , we certify that we have read ,evaluated the thesis prepared by Taye Chimdessa Dirbaba and examined the candidate , we recommend that thesis be accepted as fulfilling the thesis requirement for Degree of Master in Agricultural Economics .

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance by Taye Chimdessa entitled “THE IMPACT MICROFINANCE FINANCIAL SERVICE ON THE ECONOMIC EMPOWERMENT OF WOMEN; a case study o wisdom micro financing s.c south west shoa zone, woliso worda”.

All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Signature

June 2014

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TABLE OF CONTENTS

TITLE PAGE	ii
BOARD OF EXAMINERS APPROVAL SHEET.....	iii
ENDORSEMENT	iv
DECLARATION	v
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS.....	vii
LIST OF TABLES.....	xi
LIST OF FIGURES	xii
ABBREVIATIONS	xiii
ABSTRACT.....	xiv
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Statemnet of the Problem.....	3
1.3 Basic Reaserch Question.....	4
1.4 Objectives of Study.....	4
1.4.1 Main Objectives	4
1.4.2 Specific Objectives	4

TABLE OF CONTENTS (CONTINUED)

1.5 Research Hypothesis.....	5
1.6 Significance of the Study	5
1.7 Delimitation of the Study.....	5
1.8 Organization of the Study.....	6
CHAPTER TWO.....	6
REVIEW OF RELATED LITERATURE.....	6
2.1 Concepts and Definitions.....	7
2.2 Theoretical Review	10
2.1.1 What is Microfinance	11
2.1.2 Microfinance and MicroCredit	12
2.3 Targeting Women	12
2.4 Paradigms of Microfinance Institutions towards women empowerment	14
2.4.1 Feminist emowerment Paradigm	14
2.4.2 Poverty reduction Paradigm	14
2.4.3 Financial Sustainability Paradigm	15
2.5 Gender Based Microfinance delivery	17
2.6 Empirical Review	19

TABLE OF CONTENTS (CONTINUED)

2.7 Microfinance development and women’s Participation in Ethiopia20

CHAPTER THREE: RESEARCH DESGIN AND METHODOLGY23

3.1 Description of the Study Area.....23

3.2 Research Design.....24

3.3 Sources of Data25

 3.3.1 Primary Sources25

 3.3.2 Secondary sources.....25

3.4 Sample and sampling Techniques.....25

 3.4.1 Sampling Techniques.....25

 3.4.2 Simple Size26

3.5 Source and Tools/Instruments of Data Collection27

 3.5.1 Focus Group Discussion27

 3.5.2 In-depth Interview.....28

3.6 Data Analysis29

 3.6.1 Descriptive Statistics.....29

 3.6.2 Econometric Models29

CHAPTER FOUR: RESULTS & DISCUSSION32

4.1 Descriptive Anaylsis32

TABLE OF CONTENTS(CONTINUED)

4.1.1 Socio-Economic Characteristics of household	32
4.1.1.1 Age of the Respondents	33
4.1.1.2 Marital Status of Respondents	34
4.1.1.3 Level of Education of Respondents	35
4.1.1.4 Being Client of WMFI of Respondents	36
4.1.2 TheIncome Situation of Respondents	37
4.1.2.1 Average monthly household income of respondents	37
4.1.2.2 Personal Cash Saving of the Respondents	38
4.1.3 Decision Making at the House hold	39
4.1.4 The Asset owner Rights Level of Respondent.....	40
4.1.5 Improvemnet in Family’s Standard of Living	41
4.2 Estimation and Regression Modeling	43
4.3 Analysis of the Result	43
CHAPTER FIVE: SUMMARY , CONCUSIONS AND RECOMMENDATION	46
5.1 Summary of the Study	46
5.2 Conclusions	48
5.3 Recommendation	49
REFERENCES	51
APPENDIXS.....	54

LIST OF TABLES

Table 4.1 Age of Respondents 33

Table 4.2 Marital Status of Respondents 34

Table 4.3 Regression Result44

LIST OF FIGURES

Figure 4.1 Level of Education of Respondents	35
Figure 4.2 Being Client of WMFI of Respondents	36
Figure 4.3 Average Monthly Household Incomes of Respondents	37
Figure 4.4 Personal Cash Saving of Respondent	38
Figure 4.5 Decision making at Domestic Level of Respondents	39
Figure 4.6 Asset Ownership Rights Level of Respondents	41
Figure 4.7 Improvement Family's Standard Living of Respondents	42

ABBREVIATIONS

AEMFI - Association of Ethiopian Microfinance Institutions

ASCI- Amhara Credit and Saving Institution

BRAC - Bangladesh Rural Advancement Committee

CSA - Central Statistical Authority

CSD- Centre for help Development

DECSI - Dedebit Credit and Saving Institution

EPRDF - Ethiopian People's Revolutionary Democratic Front

FSL- Finance Sudan Limited

MFI - Microfinance Institutions

MIS - Management Information System

NBE - National Bank of Ethiopia

OCSSCO- Oromia Credit and Saving Share company

ROSCAs- Rotating Savings and Credit Association

SFPI- Specialized financial and promotional institution

WMFI- Wisdom Micro Financing Institution

WWF- Working women's forum

ADLI-Agricultural Development Led Industrialization

ABSTRACT

Governments, donors and NGOs have over the years initiated and implemented programmes aimed at empowering women economically and socially. Despite these efforts, some challenges still remain. Microfinance as tool for women empowerment has become the main subject of many global and regional conferences, seminars and workshops. Ethiopia is not an exception. This study, therefore, examined the contribution of microfinance to the economic empowerment of women in Ethiopia taking Wisdom Micro Financing Institution (WMFI) Microfinance Programme. Primary data was collected from the Clients of the WMFI's microfinance programme. In this collection of Primary data methods like focus group discussion (FGD) and in depth interview were used.

The empirical analysis of the study was conducted using both descriptive statistics and Binomial Logit regression analysis. The results of the study indicate that the micro financing program has a positive impact on women's economic empowerment as measured by the increased participation of women in household decision making and analysis revealed that access to Microfinance has contributed immensely to the economic empowerment of women through improvement in their businesses. Besides, the study showed that access to microfinance has improved the status of women both at the family level and in society as a whole. The study, therefore, recommends that WMFI should endeavour to extend more credit facilities to women clients to economically empower them.

Finally, WMFI should provide more training programmes to women in order to improve their entrepreneurial skills and help reduce the problems which hinder their access to microfinance

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Microfinance is usually understood to entail the provision of financial services to micro-entrepreneurs and small businesses that lack access to banking and related services due to the high transaction costs associated with serving these client categories.

The evolution of microfinance is from Bangladesh since the late 1970s and has been very successfully project. In the case of Ethiopia since that time proclamation, which provides for the establishment of microfinance Institutions, was issued in July 1996. Since then, various Microfinance institutions have legally been registered and started delivering microfinance services (Wolday, 2000).

Microfinance is a powerful tool to self empower in Particular the poor people especially women worldwide and in developing countries. Microfinance activities can give them a means to climb out of poverty (Sara Noreen, 2011).

Working women contribute to national income of the country and maintain a sustainable livelihood of the families and communities, throughout the world. As they face many socio- cultural attitude, legal barriers, lack of education and personal difficulties. Traditionally, women have been marginalized. They are rarely financially independent and often they are more vulnerable members of society.

Why Microfinance pay more attention to women. The reason being:

- Women represent 70% of those living on less than \$2 a day.
- Women suffer inequitably from the chronic effects of poor nutrition, insufficient healthcare and limited educational opportunity.
- Women do 66% of the world's work and receive only 10% of the pay.

- Women spend 90% of their income on their families, while men typically spend only 35%.
- Women who contribute to family finances have greater decision-making power, resulting in better nutrition, health and education for their children. When family needs are met, women are more likely to invest in their communities (Adeline, 2009).

Despite this women do not have access to credit and other financial services for various reasons. Therefore, microfinance is created to fill this gap. Microfinance is a critical tool to empower women from poor household. So, particularly women can get benefit from microfinance institutions as many microfinance institutions target only women because to the multitude problems they are facing and the bog responsibility in the community.

Microfinance services lead to women empowerment by positively influencing women's decision making power at household level and their overall socioeconomic status. This being the case, the end of 2000, microfinance services had reached over 79 million of the poorest of the world. As such microfinance has the potential to make a significant contribution to gender equality and promote sustainable livelihood and better working condition for women. It has been well documented that an increase in women resources or better approach for credit facilities results in increased well being of the family especially children (Kabeer, 2001).

Today in our country too, there are many and varied Micro finance Institutions that are target poor women in terms of financial service access. Wisdom Micro Finance Institution S.C is one of the earliest Micro financing Institutions in Ethiopia established in 1999. Its main objective is to enhance socio-economic empowerment of disadvantaged people, especially women, by providing them access to support services like credit, saving and business training. Wisdom Micro Finance Institution S.C provides both financial and non-financial services. The financial services include provision of credit and mobilization of savings while the non-financial service basically deals with small business training for the clients. The Institution normally delivers loans for up to 12 months but it might be extended for a maximum of two years depending on the loan amount and type of activities.

The size of loan given to the clients ranges from birr 1,000 .00 reaches up to birr 100,000.00 and the repayment pattern is on monthly basis. Wisdom Micro Finance Institution S.C provide by methodology of group lending and individual lending. Wisdom Micro Finance Institution S.C operates its programs in four regions and it has 54 branches in the urban and rural areas of the country and serves 64, 000 clients out of which 67 percent are women clients. This study therefore seeks to assess the contribution of microfinance to the economic empowerment of women in South West Shewa Woliso district.

1.2 Statement of the Problem

According to the World Bank's gender statistics database, women have higher unemployment rate than men in virtually every country. In general, women also make up the majority of the lower paid, unorganized informal sector of most economics. This situation justify the giving of priority and increasing women's access to financial services on the ground that women are relatively amore disadvantaged than men.

Ethiopians' women who constitute about 50% of the population and who consists s the majority of the unemployed segment of the population are the most affected by poverty. Since the majority of Ethiopian women live in areas where basic social services such as health, education and other infrastructures are non-existent, disease, malnutrition, and illiteracy is seriously affecting their and the life of their children (Tesfay, 2003).

However, there is a general consensus that in order for women to play a meaningful role in economic development, they must be empowered both at the economic and social level.

One way of economical empowering of women is to make credit easily accessible to them to finance their small and micro enterprises.

1.3 Basic Research Question

The research questions of the study are as follows

1. Do financial services provided to women by wisdom Micro finance Institution improves clients' capacity in decision making?
2. Do financial services provided to women by wisdom Micro finance Institution improves clients' income and Personal cash saving?
3. Do access to micro finance services provided to women by wisdom Micro finance Institution improves clients' improve asset owner ship
4. Does access to micro Finance influence the individual development and growth of women?

1.4 Objectives of Study

1.4.1 Main objective

The **Main Objective** of the study is to investigate the effect of Microfinance financial service on the economic empowerment of women Woliso District of South West Shewa.

1.4.2 Specific Objectives

The Specific objectives of the study are

1. Investigate the impact of micro finance services provision in improving women's income and capital accumulation.
2. To examine the impact of micro finance in promoting and raising women's participation in household decision making.
3. To investigate the role of Micro Finance in promoting household level income.

1.5 Research Hypothesis

The Provision of microfinance services to poor women client at Individual and house hold levels will increased their assets ownership, income, consumption, food security, saving and access to education and also improve living conditions and improve decision making level in the house hold.

1.6 Significance of the Study

The outcome of this study would help the government, policy makers and financial intermediaries on the contribution of microfinance towards women empowerment in Ethiopia.

Besides, the study would be useful to advocates of women empowerment who can rely on it to make a case for more credit facilities for women to improve their businesses.

Furthermore, the study may help other stakeholders particularly Wisdom Micro Finance Institution S.C in reviewing their lending policies towards women in order to achieve greater efficiency and offer value added financial services.

1.7 Delimitation the of Study

The research work is limited to women clients of only one Microfinance Institute, viz. Wisdom Micro Finance Institution S.C.

Hence, generalization of some facts and findings of the study may be limited to the specific institution considered in the undertaking.

A large sample size made up of different microfinance institutions from within and outside Woliso Worda could have allowed for better generalizations of the findings. Nevertheless, this study can served as benchmark in the zone for making further studies.

1.8 Organization of the Study

The study is organized in five chapters. The first chapter gives the background to the study, problem statement, the objectives, research questions and the significance of the study among others. The second chapter dealt with a review of related literature on the topic whereas the third chapter covers the detailed methodology. The fourth chapter covers the result and discussion. The summary, conclusion and recommendations are provided in the fifth chapter.

CHAPTER TWO: REVIEW OF RELATED LITERATUR

2.1 Concepts and Definitions

The term empowerment is used to refer to self reliance and self respect in order to enable each person reach his/her God given potential (Cheston and Kuhn, 2002: 12). They also state that empowerment is about change, choice and power. Empowerment is also considered as process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives.

Empowerment is also defined as a process through which women are able to transform their self perceptions-equivalent to alchemy of visibly transforming gender roles. Empowerment generally involves change at three broad levels: within the household, within the community, and at a broader institutional or policy-making level (Zafar, 2002:63)

Empowerment is usually associated with women not only because they have been historically disadvantaged in access to material resources like credit, property and money, but they have also been excluded from social resources like education or inside knowledge of some businesses (Zafar, 2002).

Access to resources does not by itself translate into empowerment or equality unless women acquire the ability to use the resources to meet their goals. For resources to empower women they must be able to use them for the purposes of their choice. The effective use of resources requires agency, which is, the process of decision making, negotiation and manipulation (Kabeer, 2005).

Women who have been excluded from decision making for most of their lives often lack this sense of agency that allows them to define goals and act effectively to achieve them. Movements which seek the empowerment of women as group increase opportunities available to individual women, and economic empowerment can increase women's status in their families and societies.

The lack of empowerment, on the other hand, eventually slows down economic and political development, just as the lack of progress in meeting people's basic needs will limit empowerment because poverty itself is disempowering (Skarlatos, 2004).

Poverty is usually defined in relation to the capacity to meet basic needs. However, in terms of a dynamic approach meeting one's needs today do not guarantee that they will be met tomorrow. Vulnerability refers to the basic uncertainty which surrounds the capacity of poor people to meet their needs on a regular and assured basis. Owing to a wider variety of risks and shocks, the poor appear to be more vulnerable than the rest of the society (Kabeer, 2005).

In addition to being economic phenomena, poverty and vulnerability are also social incidents reflecting who people are. Dominant cultural norms and values in most parts of the world stress male responsibility for protecting and providing for household members and treat women as their life-long dependants. Men are basically given authority within the household and control over resources. On the other hand, women are assigned subordinate status within their households and the society. The risks faced by women increase with their increasing dependence on men. Generally, women are more vulnerable to poverty due to their economic, social, cultural status, caste, ethnic and religious values (Kabeer, 2005).

The empowerment of women is essential for achieving the goals of sustainable development centered on human beings (Malhotra et al, 2000). It also requires appropriate public policies to ensure that women enjoy all human rights and fundamental freedoms and participate fully and equally in all spheres of public life including decision making. Public policies to promote women's economic potential and independence and their full and equal participation in development are also essential for women empowerment. Measures are also needed to ensure women equal access to education and to training and retraining.

Empowerment is essentially a bottom-up process rather than something that can be formulated as a top-down strategy (Cheston and Kuhn 2002). It then follows that the empowerment of women basically rests on women themselves rather than development agencies. The empowerment of women involves women themselves setting the agenda and managing pace of change (Carolyn, 2003).

Empowerment comes from within, i.e., women empower themselves. Other parties such as development cooperation agencies or NGO can, however, play an important role in facilitating capacity building and networking.

Appropriate external support can be important to foster the process of empowerment. In this regard, development agencies can support women's empowerment by funding women's organizations that work towards addressing the causes of gender subordination by promoting women's participation in political systems and by facilitating dialogue between those in positions of power and organizations with women's empowerment goal (Carolyn, 2003).

Development activities have become closely associated with the promotion of women's empowerment, such as micro credit, political participation and reproductive health and much innovative work has been done in these areas. However, there are limits on the extent to which such activities are by themselves empowering (Cheston and Kuhn, 2002).

Empowerment approaches are utilized in a variety of development initiatives in addition to micro credit programs, democratization programs and leadership training programs. However, question has to be raised as to what constitutes empowerment and when is the program empowering and when it is not. For example, increased decision-making power at individual level and greater access to economic resources of women does not necessarily translate into greater representation on power of women with in political institutions (Cheston and Kuhn, 2002).

Furthermore, empowerment in one area cannot be sustained without attention to other facets (Cheston and Kuhn, 2002). For example, reproductive and sexual rights cannot be fully exercised where women lack independent economic resources. The promotion of empowerment also requires addressing organizational structures and processes in addition to policy frameworks. Empowerment is demonstrated by the quality of people's participation in the decisions and processes affecting their lives. For participation to promote empowerment it needs to be more than a process of consultation over decisions already made elsewhere. Strategies to support women's empowerment should encourage women's participation at all stages of projects including evaluation (Cheston and Kuhn, 2002).

- **Microfinance** is a form of financial services for entrepreneurs and small businesses lacking access to banking and related services.
- **Microcredit** is provision of credit services to poor clients.

2.2 Theoretical Review

Microcredit has come a long way. Professor Yunus, Managing Director of Grameen Bank, promoted it in 1970 in Jobra, a village in Chittagong of Bangladesh, and it has spread all over the world. The strength of microcredit lies in its ability to organize idle women into a productive workforce with their proven creditworthiness. It is believed that 25 million people worldwide are now using microcredit to undertake income-generating or self-employment activities; of these, 90% are women. Microcredit has not only made women more productive, it has also empowered them.

As a result women are now integrated into socio-economic activities, contributing to family income and decision making and exercising more control over their fertility, which allows them to take better care of their children (Marguerite Robinson, 2001).

Microfinance was necessary that all programs pass two key tests:

- Show that people can be relied on to repay their loans and
- Show that it is possible to provide financial services to poor people, which are done through market-based enterprises without subsidy.

In the 1970's a new wave of microfinance initiative introduced many new innovations into the sector. Many pioneering enterprises began experimenting with loaning to the poor and underserved in the same year.

Beginning in the 1980s a new approach came to work on the assumption that more market-based solutions were required still focusing on income expansion and poverty reduction but searching for cost-effective alternatives (Ledger wood 1999).

Local Non Governmental organizations also began to look for a more long-term approach, and at the same time Prof. Mohammed Yunus of Bangladesh who won the 2006 Nobel peace prize led the first lending scheme for landless people.

From 1980 onwards, the field of microfinance has grown substantially and most recently, some NGOs have started transforming into formal financial institutions that recognize the need of savings services to clients and also to access market funding sources than rely on donor funds (Harper,M ,2003)

2.1.1 What is Micro Finance?

Microfinance is a form of financial services for entrepreneurs and small businesses lacking access to banking and related services. The two main mechanisms for the delivery of financial services to such clients are: (1) relationship-based banking for individual entrepreneurs and small businesses; and (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group.

Microfinance is a broad category of services, which includes microcredit. Microcredit is provision of credit services to poor clients. Microcredit is one of the aspects of microfinance and the two are often confused. Critics may attack microcredit while referring to it indiscriminately as either 'microcredit' or 'microfinance'. Due to the broad range of microfinance services, it is difficult to assess impact, and very few studies have tried to assess its full impact. Proponents often claim that microfinance lifts people out of poverty, but the evidence is mixed. What it does do, however, is to enhance financial inclusion.

Traditionally, banks have not provided financial services, such as loans, to clients with little or no cash income. Banks incur substantial costs to manage a client account, regardless of how small the sums of money involved are.

For example, although the total gross revenue from delivering one hundred loans worth birr1, 000 each will not differ greatly from the revenue that results from delivering one loan of birr100, 000, it takes nearly a hundred times as much work and cost to manage a hundred loans as it does to manage one (Marguerite Robinson,2001) .

2.1.2 Microfinance and Microcredit

In literature, the terms microcredit and microfinance are often used interchangeably, but it is important to highlight the difference between them because both terms are often confused. Microcredit refers to small loans, whereas microfinance is appropriate where NGOs and MFIs supplement the loans with other financial services (savings, insurance, etc). Therefore microcredit is a component of microfinance in that it involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, and payment services (Okiocredit, 2005).

2.3 Targeting Women

International aid donors, governments, scholars, and other development experts have paid much attention to microfinance as a strategy capable of reaching women and involving them in the development process. The microfinance industry has made great strides toward identifying barriers to women's access to financial services and developing ways to overcome those barriers. A 2001 survey by the Special Unit on Microfinance of the United Nations Capital Development Fund (SUM/UNCDF) of 29 microfinance institutions revealed that approximately 60 percent of these institutions' clients' were women. Six of the 29 focused entirely on women. Among the remaining 23 mixed-sex programs, 52 percent of clients were women.

The study also showed, however, that those programs offering only individual loans or relatively high minimum loan amounts tended to have lower percentages of women clients.

These findings affirm the importance of designing appropriate products for women. Commercial banks often focus on men and formal businesses, neglecting the women who make up a large and growing segment of the informal economy (Daley-Harris S. 2007)

Microfinance on the other hand often targets women, in some cases exclusively. Female clients represent eighty-five percent of the poorest microfinance clients reached. Therefore, targeting women borrowers makes sense from a public policy standpoint. The business case for focusing on female clients is substantial, as women clients register higher repayment rates. They also contribute larger portions of their income to household consumption than their male counterparts. There is thus a strong business and public policy case for targeting female borrowers. Women are generally responsible for child-rearing (including education, health, and nutrition) and they often have fewer economic opportunities than men. In virtually every country, women have a higher unemployment rate than men and make up the majority of the informal sector of most economies. Moreover, the female population faces cultural barriers that often restrict them to the home, making it difficult for them to access financial services.

Women also have more traditional roles in the economy and may be less able to operate a business outside their homes. Furthermore, women often have disproportionately large household obligations. Children of women microfinance borrowers also reap the benefits, as there is an increased likelihood of full-time school enrolment and lower drop-out rates. Studies show that new incomes generated from microenterprises 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. Positive environmental impact is also achievable as microfinance programmes may support green jobs and renewable energy systems (Daley-Harris S. 2007).

Academics and practitioners have been inspired to address the problems of gender discrimination and it is today accepted that gender, such as class, race, and ethnicity, is a source of inequality (Lopez-Claros and Zahidi 2005:1). The term refers to the unequal structural relationship between the sexes, linked to the state, the economy, and to other macro- and micro-processes and institutions.

2.4 Paradigms of Microfinance Institutions towards Women Empowerment

Support for targeting women in microfinance programs comes from organizations of widely differing perspectives. Mayoux (2005) identifies three contrasting paradigms with different underlying aims and understandings and different policy prescriptions and priorities in relation to microfinance and gender policy. The three paradigms, namely the feminist empowerment, poverty reduction and financial sustainability, also have different emphasis in the way they perceive the inter-linkages between microfinance and women empowerment.

2.4.1 Feminist Empowerment Paradigm

With a focus on gender awareness and feminist organization, microfinance is promoted in light of a wider strategy for women's economic and socio-political empowerment. In this regard, microfinance must be part of a sectional strategy for change that identifies opportunities and constraints within industries which can raise the prospects for women, when addressed.

In addition, microfinance should be based on participatory principles to build up incremental knowledge of industries and enable women to develop their strategies for change (Cheston & Kuhn, 2002).

2.4.2 Poverty Reduction Paradigm

This paradigm is touched by many NGO integrated poverty-targeted community development programs. The main focus of such programs is the development of sustainable livelihoods, community development and social service provision like literacy, health care and infrastructure. The programs typically target the poorest of the poor.

The strategies target women because of higher levels of female poverty and women's responsibility for household well-being.

The assumption is that increasing women's access to microfinance will enable them to make greater contribution to household income which is believed to translate into well being for women and result in changes gender inequality (Kabeer N, 2001).

2.4.3 Financial Sustainability Paradigm

The financial self-sustainability paradigm (also referred to as the financial systems approach or sustainability approach) underlies the models of microfinance promoted since the mid-1990s by most donor agencies and the Best Practice guidelines promoted in publications by USAID, World Bank, UNDP and CGAP.

The ultimate aim is large programmes which are profitable and fully self-supporting in competition with other private sector banking institutions and able to raise funds from international financial markets rather than relying on funds from development agencies. The main target group, despite claims to reach the poorest, is the 'bankable poor': small entrepreneurs and farmers. This emphasis on financial sustainability is seen as necessary to create institutions which reach significant numbers of poor people in the context of declining aid budgets and opposition to welfare and redistribution in macro-economic policy.

Policy discussions have focused particularly on setting of interest rates to cover costs, separation of micro-finance from other interventions to enable separate accounting and programme expansion to increase outreach and economies of scale, reduction of transaction costs and ways of using groups to decrease costs of delivery. Recent guidelines for CGAP funding and best practice focus on production of a 'financial sustainability index' which charts progress of programmes in covering costs from incomes.

Within this paradigm gender lobbies have been able to argue for targeting women on the grounds of high female repayment rates and the need to stimulate women's economic activity as a hitherto underutilized resource for economic growth.

They have had some success in ensuring that considerations of female targeting are integrated into conditions of micro-finance delivery and programme evaluation.

Alongside this focus on female targeting, the term 'empowerment' is frequently used in promotional literature. Definitions of empowerment are in individualist terms with the ultimate aim being the expansion of individual choice or capacity for Self-reliance. It is assumed that increasing women's access to micro-finance services will in itself lead to individual economic empowerment through enabling women's decisions about savings and credit use, enabling women to set up micro-enterprise, increasing incomes under their control. It is then assumed that this increased economic empowerment will lead to increased well-being of women and also to social and political empowerment.

These paradigms do not correspond systematically to any one organizational model of micro-finance. Micro-finance providers with the same organizational form eg village bank, Grameen model or cooperative model may have very different gender policies and/or emphases and strategies for poverty alleviation. The three paradigms represent different 'discourses' each with its own relatively consistent internal logic in relating aims to policies, based on different underlying understandings of development. They are not only different, but often seen as 'incompatible discourses' in uneasy tension and with continually contested degrees of dominance. In many programmes and donor agencies there is considerable disagreement, lack of communication and/or personal animosity and promoted by different stakeholders within organizations between staff involved in micro-finance (generally firm followers of financial self-sustainability), staff concerned with human development (generally with more sympathy for the poverty alleviation paradigm and emphasizing participation and integrated development) gender lobbies (generally incorporating at least some elements of the feminist empowerment paradigm). What is of concern in current debates is the way in which the use of apparently similar terminology of empowerment, participation and sustainability conceals radical differences in policy priorities. Although women's empowerment may be a stated aim in the rhetoric of official gender policy and program promotion, in practice it becomes subsumed in and marginalized by concerns of financial sustainability and/or poverty alleviation (Kabeer N, 2001).

2.5 Gender Based Microfinance Delivery

Women's access to financial resources has been substantially increasing over the years. However; their ability to benefit from the access in is limited by the gender related disadvantages (Skarlatos, 2004). In addition, despite their growing capacities, some microfinance institutions provide a decreasing percentage of loans to women. The loan size provided to women also appears to be smaller in comparison to men although both participate in the same program and belong to the same community. In addition to women's poverty levels, social discrimination against women results in smaller loan sizes in comparison to men.

Furthermore there are only a limited number of women in the leadership of microfinance institutions, which might be one reason for the biased loan access.

However, regardless of the odds, microfinance programs still have the potential to transform power relations and empower the poor.

Although microfinance does not address all the impediments to women's empowerment, it can contribute to their empowerment if properly implemented (Kabeer, 2005).

The goal of empowerment can be achieved through microfinance programs that are broad based, gender focused and financially sustainable. A gender based policy involves more than just targeting women.

Creating gender- based policy involves a process through which an institution re-examines all of the underling structures and assumptions about gender roles, rights and responsibilities that have historically discriminated against women as borrowers and employees. It is also important for microfinance institutions to set guidelines pertaining to employee recruitment, promotion, roles and responsibilities. In this regard, the formulation and enforcement of the guidelines is expected to bring about positive social changes.

Furthermore, involving women both as staff and borrowers has the potential for increased levels of economic empowerment and financial stability that will benefit the individual women, their families and communities (Mayoux,2002).

The following are some general considerations that should be made when designing programs with the aim of creating gender based strategy (Vyas, 2002). Microfinance program with a focus on gender must have an idea, founded on solid research and reliable information of the financial senses that will be most beneficial to women clients. Agencies also need to develop approaches that provide opportunities for women to decide for themselves about their needs and interests and how positive change can be achieved. Promoting empowerment also requires some fundamental changes within agencies in reviewing their structures and procedures to increase their accountability to the women whose empowerment they aim to support.

Generally, it is essential that empowerment strategies are designed to enable women to gain greater access to information, access and control over resources and the ability to make decisions themselves. (Kabeer, 2005)

In order to enhance women's access to credit, the establishment of new and strengthening of existing micro credit mechanisms and micro-finance institutions needs to be undertaken to enhance the outreach of credit (Cheston and Kuhn, 2002). In addition, other supportive measures should be undertaken to ensure adequate flow of funds. The promotion of women's political participation is an important approach to supporting their empowerment. This includes promoting women in government and national and local party politics as well as supporting women's involvement in NGOs and women's movements. Generally although women are found in large numbers in lower-level positions in public administration political parties, trade unions and business, their representation in chief executive and economic areas is generally very poor.

However, in most programs there is little attempt to link micro-finance with wider social and political activity.

In the absence of this, it is not possible to measure the contribution of microfinance. To the contrary, there is the possibility that micro-finance and income earning may take women away from other social and political.

2.6 Empirical Review

Empirical evidences gathered in diverse contexts suggest the prevalence of both negative and positive impacts of micro-finance on women economic conditions. A study conducted by Amin et al in 2008, goes to argue that targeted credit can be used as a mechanism for enhancing poorer women's existing socioeconomic conditions and thereby altering the relations between gender and class, to the benefit of the weaker parties. The authors attempted to explore the relationship between poor women's participation in micro-credit programmes and their empowerment by using empirical data from rural Bangladesh. This has been done by examining quantitative data collected from a representative sample consisting of female borrowers and non-borrowers from each of five NGO program areas, and the other sample consisting of non-borrowers from counterpart non-program areas with no significant presence of any NGO program.

The results show that the NGO credit members are ahead of the non-members in all three indices of empowerment, irrespective of nonmembers' residence in programme areas or non- programme areas. Moreover, the non-members within NGO programme areas show a higher level of empowerment on the autonomy and authority indices than do the non-members within the comparison areas.

The results further indicate that education, house type, yearly income, etc., tend to be positively associated with autonomy and authority indices. Also positively associated are duration of NGO membership and non-agricultural occupations.

The implications of all these findings are that NGO credit programmes in rural Bangladesh are not only likely to bring about rapid economic improvement in the situation of women but also hasten their empowerment.

2.7 Microfinance Development and Women's Participation in Ethiopia

Up until the early 1990s, the sources of finance for rural and urban poor and micro and small enterprise operators in Ethiopia were confined only to informal sources of finance like moneylenders, friends and relatives (Itana et al, 2004). He further noted that, starting in the mid-1990s, following the drought of 1984/85, some Non-Government Organizations (NGOs) introduced the idea of saving and credit among poor people as a strategy for rehabilitation and development. Later on, special government programs operated mainly in collaboration with international financial institutions came into the picture. However, both types of programs were operated in a scattered manner and lacked sustainability until Of the substantial measures taken to liberalize the financial sector, the promulgation of proclamation No.40/96 is most commonly cited. The proclamation provides the framework to create, expand and develop microfinance programs. Micro-financing is viewed as a means to alleviate poverty through pumping capital to subsistence agriculture and micro enterprises.

Following the Agricultural Development Led Industrialization (ADLI) strategy of the EPRDF government, rural finance has been considered as an important tool for agricultural and food security (Belay, 2001). Consistent with its ADLI policy, the government had to reconsider the operational modality of microfinance to facilitate a very significant improvement in service delivery and outreach. Consequently, the government came up with Proclamation No.40 in June 1996. The central elements of the proclamation seem to be outreach and sustainability. That is, if properly implemented, the proclamation has the potential to facilitate significant outreach, and the flourishing of several sustainable Micro-finance institutions (Meklit MFI et al, 2005).

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

In line with the development of micro-finance institutions, the Government of Ethiopia set up participatory rules and policies which gave space for women productivity.

Padma (2003) noted that, government has formulated and issued the Ethiopian Women's Policy to speed up the economic and social advancement of women. This policy gives special emphasis to rural women by 'facilitating the necessary conditions whereby they can have access to basic services and to ways and means of lightening their workload'. Consequently, all development programs at national and regional levels should be able to integrate gender concerns in their plans and programs to ensure that women participate, contribute, benefit, become recognized, and obtain technological support.

Since the first Proclamation of 1996 that gave the legal background for the operation of the micro-financing business, the industry has witnessed a major boom.

A significant portion of Ethiopia's population lives without access to basic, affordable and sustainable financial services.

This is largely due to the perception by commercial banks of the unattractive risk-return outlook of serving the low income and urban population.

Data from National Bank of Ethiopia suggest that more than two third of the population has resorted to traditional, informal and expensive financial services such as Money lenders, keeping cash at home funeral funds etc.

Today, there are 31 MFIs registered with the National Bank of Ethiopia serving clients, with more than 1000 branches spread across Ethiopia are serving 2.6 million Customers meeting less than 20% of the demand for the financial services.

The Ethiopian microfinance market is dominated by a few large MFIs, all of which are linked to regional state government ownership.

The five largest institutions account for 87.4% of the market share in terms of borrowing clients, and 90.4 % by loan provision and 93.5% of deposit Mobilization. These are Amhara (ACSI), Dedebit (DECSI), Oromia (OCSSCO), Omo and Addis Credit and Savings Institutions.

As of Dec 2012, 30 MFIs are in operations with

Active clients 2,637,625

Outstanding - about Birr 9,589,633,775

Savings – birr 5,474,346,625

To meet unsatisfied demand for financial services, a variety of Microfinance Institutions (MFIs) has emerged over time in Ethiopia.

According Tesfay (2003), the case study of Marginalized group, Credit and empowerment for the case of Dedebit Credit and Saving Institution (DECSI) of Tigray,

The study show that the DECSI's program has had a Positive impact on the livelihood of and as well as enhanced the social and political position of many clients

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Description of the Study Area

Woliso district is one of the eleven districts located in the South West Shewa Zone of Oromiya Nationality Regional State.

Woliso district with a distance of 135 km from Addis Ababa on western directions is bounded by South People Regional State on west. The total area of Woliso district is approximately 751 square kilometers. It consists of 32 rural and 5 urban Kebeles. Its altitude of Woliso district ranges from 1400 to 2000 meters above sea level. It encompasses the three major agro-ecological zones of Ethiopia, viz. the lowlands (Kolla), mid-lands (Woina Dega) and highlands (Dega), which constitutes 56%, 37% and 7% of the total land area, respectively. Approximately 75% of the area within the district is defined as plain land, 10% mountainous and 15% rugged land. The district is characterized by three climatic zones, namely, tropical rainy climate, warm temperate climate and hot semi-arid climate.

According to the district Administration office population projection in 2012 (based on population and housing census of 2007), the total population of Woliso district is 164,978, of which 82,333 were males and 82,640 were females. According to the same source, the average family size of household's was estimated at 5 members. The economically active population for the study area was approximately 56%.

This is primarily due to the high participation of the 10-14 years age group in the labor force. More than 60% of the children in this age group are formally included in the economically active population (Woliso District, 2012)

Agriculture is the main stay of the economy of Woliso district in which about 85% of the population is engaged. The farming system can generally be characterized as mixed, and includes the production of arable crops and the raising of livestock.

The level of production for both sectors remains far below its potential. Other reasons include, the relatively small land holdings; which range from 0.25 to 0.75 hectares, and insufficient application of basic agricultural inputs such as fertilizers and pest control techniques. According to the information obtained from the district Agricultural Office, Woliso subsistence small holder farmers own a substantial number of livestock. Cattle are the most important, in terms of contribution to the regional economy through the supply of milk, hides and skin and dung (cow droppings) used as household fuel.

At times of drought, the cattle are sold to raise cash for the purchase of cereals and other essentials. Small stocks consisting of goats and sheep are reared primarily for their meat, and secondly as an investment as well as a source of cash in times of need.

3.2 Research Design

The study used both the quantitative and qualitative methods. While more emphasis was given to the qualitative method, quantitative analysis was used as a supplement to the former approach. To obtaining accurate quantitative information, a questionnaire was developed for a total of 142 respondents. The questionnaire translated from English into Amharic and Oromfia since most of the respondents were not literate.

Qualitative methods are usually employed for deeply rooted studies that attempt to interpret social reality (Roger and Nall, 2003). Gender issues being one aspect of social reality, qualitative analysis is believed to provide an appropriate understanding of the subject. Feminists have used qualitative research methods in order to make women's diverse voices and experiences heard (Jane and Lewis, 2003).

In accordance with the above, this study mainly has been focused on qualitative method with the view of assessing the areas and extent of empowerment resulting from the intervention of microfinance and also identifying the challenges and problems faced by the clients in the undertaking. In this regard, focus group discussion and in-depth interview methods were used for the purpose.

3.3 Sources of Data

As indicated above, both Primary and secondary data were collected.

3.3.1 Primary Sources

The study was basically based on primary a survey research; hence the researcher relied mainly on primary data. The questionnaires were distributed to women beneficiaries of Wisdom Micro Finance Institution S.C loan programme of the Woliso branch who were users more than one cycle.

3.3.2 Secondary sources

This study also used secondary data from the annual financial reports of WMFIs, and reports from Association of Ethiopia Microfinance Institution (AEMI).

3. 4 Sample and Sampling Techniques

Since the focus of this study is to explore the effect of microfinance on the economic empowerment of women, all women who accessed Wisdom Micro Finance Institution S.C for Credit were considered. Since this population is very large, it is prohibitively expensive to conduct a complete enumeration of all the women who have benefited from Wisdom Micro Finance Institution S.C credit facilities due to time and financial constraints. Hence, a sample which is representative of the population is considered for this study.

3.4.1 Sampling Techniques

The study has employed both the probability and non-probability sampling methods. In Probability sampling the participant in the program were identified and questioned regarding the benefit they obtained from the program in terms of questioner set to them.

Stratified random sampling, which is one of the probability sampling methods, was used in this study.

A total sample of 142 rural women was selected from 8 rural kebeles of woliso district . The selection was made by selecting six Kebeles among the 24 rural Kebeles where WMFI provides microfinance service.

The sampled Kebeles were selected using stratified random sampling technique base on distance of Kebeles from district town. WMFI micro-finance provided was categorized in to two groups: kebele which have distance up to 25 km from the district town were in one group and kebeles which have a distance of above 25 km were in the other group. Accordingly 6 kebeles (3 from each group) from the 24 WMF program kebeles totally SIX sample kebeles were randomly selected. Sampled women in each category were selected randomly using the roster of branch offices.

The non-probability sampling method adopted is the purposive sampling. The choice of purposive sampling method was motivated by the fact that it aids the study to focus only on women beneficiaries of Wisdom Micro Finance Institution S.C Microfinance Programme who were in their second loan cycle and above with the assumption that after that cycle the financial services should have had an impact on their lives.

3.4.2 Simple Size

Determine the sample size is necessary for this study just as it is in others because it is impossible to have the entire population as research respondents.

Therefore the researcher only selected 142 (one Hundred forty two) out of 1975 (One thousand nine hundred seventy five) Participant in Micro finance program of Wisdom MFI at woliso branch.

Based on this the researcher was able to adopt a mathematical formula for the purpose of determining the sample size.

$$n = \frac{Z^2 \delta^2}{E^2}$$

Where n= Sample size

Z= level of confidence

E= acceptable amount of sampling error

Z = at 95% confidence 1.96

δ = standard deviation of population (18.2)

Sample size=142

A simple random sampling technique was then adopted to select the 142 participants.

3.5 Source and Tools/Instruments of Data Collection

The source of data for this study was Primary data. The secondary information also used from the annual financial reports of MFIs and AEMFI (Association of Ethiopian Micro Finance Institutions). But Primary data is collected directly from clients of MFI.

In this collection of Primary data methods like focus group discussion (FGD) and in depth interview were used.

3.5.1 Focus Group Discussion

Focus group discussion allows for a dialogue among participants and stimulates them to openly express their views on the issues raised.

Since questions were raised to the group as Oppose to the individual, the dialogue has its own peculiar flow .The focus group discussion is held among individuals of 6 to 12 persons divided into two groups.

Rather than being a simple question-answer session, the discussion intends to grab information regarding the ideas and opinion of the group towards an issue.

To fulfill the aforementioned objective, a discussion was initiated on a given topic among the members under the guidance of a facilitator in this study; two focus group discussions were conducted with 12 women that were clients of Wisdom Micro Financing Institution S.C. The discussions were moderated by the researcher. The focus groups were consisting of clients from different areas of woliso District s. The participants were selected and discussion arranged by staffs of the institution that had direct contact with the clients and was able to identify those that provide more information.

The focus group discussions lasted from one hour to an hour and a half and the information obtained was recorded for further analysis. The ideas raised, the dialogue held and the cooperativeness of the participants was also very much appreciable. Although some appear to be shy and a few attempts to dominate the discussions, the moderator wisely handled the sessions well.

3.5.2 In-depth Interview

An in-depth interview is a qualitative research technique that allows for a person to Person discussion. Such discussion provides the opportunity to have a deeper understanding of one's beliefs, feelings, and behaviors on important issues. Since the interviews were usually unstructured, they allow for inducing the interviewee to talk intensely about the topic at hand.

Accordingly, in-depth interview was be used in addition to focus group discussion in order to obtain more information from the respondents. This method was believe to provide more accurate information as the respondents appear to be more open to discuss issues during a one to one interview as compared to group discussions.

The question was raised during the interview dealt with clients, Personal background and issues such as economic, political, and socio-cultural empowerment. The interview was held with respondents that were proposed by staff of the Institution in different parts of Woliso Worda.

The researcher selected five potential informants from woliso District and Wisdom Head office. The researcher explained the objective of the research work to the respondents prior to the interview. Schedule was used in data collection where it was not be possible to meet all the respondents at one point.

3.6 Data Analysis

The empirical analyses of the study were done by using both descriptive statistics and Econometric Model. The results were presented using tables and bar and pie charts, The Statistical Package for Social Sciences (SPSS) tool were used to process the data set.

3.6.1 Descriptive Statistics

Descriptive statistics like measures of dispersion mean, standard deviation, and variance were employed in this analysis .Moreover, ratios, percentages, tables and maps were also used.

3.6.2 Econometric Models

In this regression analysis binomial logit model was used to deal with dichotomous dependent variables.

The Logit model has applied in determining women's economic empowerment since the empowerment indicator, i.e., the dependent variable (decision-making at domestic Level) is dichotomous.

The observable variable, decision making on domestic level, was used as a proxy to judge whether or not economic empowerment actually exists that is unobservable to the researcher.

If we state the regression equation as:

$$Y_i^* = \beta X_i + \mu_i \dots\dots\dots (1)$$

Where Y_i^* is the unobservable variable, which is estimated by the dummy variable Y , which takes a value equals 1 (thus Y_i^* exists), otherwise 0 (thus Y_i^* does not exist); β was the parameter to be estimated; X_i is the independent variable; and μ_i is the unobserved error term. With this formulation, for the independent variables (most of them were dummy in our case) which were not normally distributed, the Logit maximum likelihood estimators were consistent and more robust in this regard.

In qualitative response models the dependent variable is an indicator of a discrete choice (Greene, 2003). Decision making on household level, as dichotomous dependent variable, takes the value of 1 if the respondent says ‘decision making at domestic level’ otherwise, 0.

The probability of women clients to be empowered (P_i) can be given as:

$$P_i = \Pr (Y=1) = E (Y/X_i) = 1 / (1+e^{-(\beta X_i)}) \dots\dots\dots (2)$$

if $y = 1$, women clients decide on domestic Level (economically empowered); and if $y = 0$, then the women clients do not decide domestic level (not economically empowered); $E (Y/X_i)$ is the expectation that a woman client decides on domestic level (economically empowered) given the values of exogenous variables (X_i), where betas are the parameters to be estimated.

The value of β (the coefficient) determines the direction of the relationship between the explanatory variables X_i and the dependent variable Y_i .

In discrete choice models like the logit model, where most of the explanatory variables are dummy, it requires to calculate the marginal effects of the variables separately. The calculated marginal effects must not be also interpreted as ‘a small change’ of X_i , since it is rather the effect of change in a dummy variable (say from 0 to 1) or change of state (Greene, 2003).

The Logit model is based on the logistical curve, for all values of the repressors. This is a more realistic pattern of change in the probability compared to other Qualitative Dependent Variable Models like the Probit, for two reasons.

First, the odds ratio, which is a measure of the strength and direction of relationship between the two variables, has a special property of not requiring variables to be normally distributed. Second, a mathematical transformation of the odds ratio is the logit model.

This mathematical transformation removes the problem of asymmetry existing in the odds ratio and in turn makes this a superior method (Peng et al, 2005)

CHAPTER FOUR: RESULTS & DISCUSSION

This part of the research presents the results of the findings obtained from the study and also the discussions resulting from the findings. These results and discussions were based on responses obtained from one hundred forty two (142) respondents. The presentation is divided in to various Chapters and subchapters such as overview of impact of microfinance on women empowerment in Ormiya National Regional state of south west shoa zone woliso worda. The data of the study was analyzed using descriptive statistics.

4.1 Descriptive Analysis

4.1.1 Socio-Economic Characteristics of Household /Respondent

The characteristics of the respondents considered in this study were obtained from a total of 142 individuals included in present study. The majority of the participants were above the age of 30.

The respondents, whose educational level ranged from illiterate to secondary level, mostly learned about the existence and function of the microfinance institution from friends and relatives. The respondents have been members of the microfinance institution one to more than four years. Furthermore, it is observed that the participants differ in their marital status, i.e., consisting of single, married, widow and divorced women. The background characteristics of respondents are presented here below.

4.1.1.1 Age of the Respondents

The age distribution of the respondents they were within the age range of 18 to 40 plus. This was done in order to solicit information from a wide range of people based on their age.

The data showed that most of the respondents' above age 35 years with a frequency of 108, representing 74.6% of the total respondents. The ages of the respondents are depicted in the table

Table 4.1 Ages of Respondents

Age (Years)	Frequency	Valid Percent	Cumulative Percent
Valid 18-24	8	5.6	5.6
25-29	26	18.3	23.9
30-34	41	28.9	52.8
35-40	31	21.8	74.6
40 and above	36	25.4	100.0
Total	142	100.0	

Source: Author's own computation from field data

A cursory observation of the age distribution of the respondents shows that 74.6% of the respondents were youth (below 40years) while 25.4% were 40 years and above. This was not a coincident but an indication of the young women's interest in engaging in income generating activities to earn their livelihood. It also showed the preparedness of young ladies to access microfinance product

4.1.1.2 Marital Status of Respondents

Like age, one's interaction with others and access to poverty reduction interventions such as microfinance are functions of marital status of the individual. All the sample populations were women.

So that it is imperative to know the marital status of respondent, since that had some influence on women economic empowerment. The details is shown in Table 4.2

Table 4.2 Marital Status of Respondents

Status	Frequency	Percentage (%)
Valid Single	6	4.2
Married	120	84.5
Divorced	7	4.9
Widowed	9	6.3
Total	142	100.0

Source: Author's own computation from field data

As can be seen from table, 120 (84.5%) of the sample responded that they were married. The remaining fifteen (15) were without partners. Out of the remaining 15%, 6(4.2%) were singles who had never married, the other 9 (6.3%) were widows, and the 7(4.9%) remaining were who are divorced for one reason or the other.

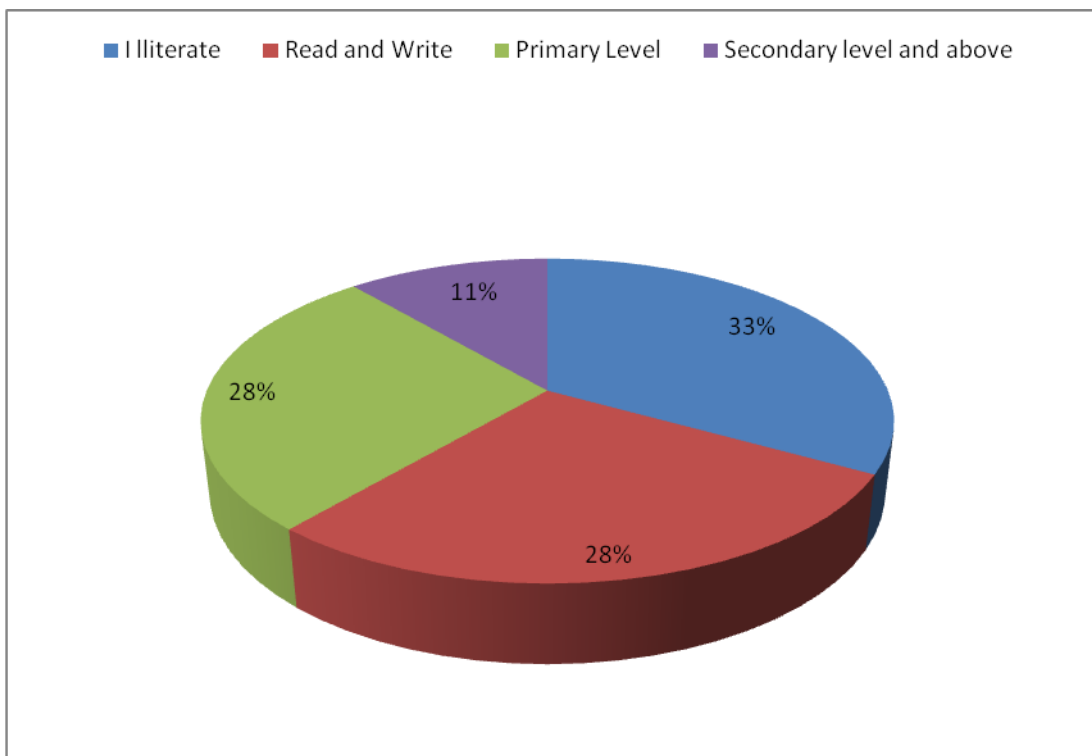
The data above shows that women who were married access to WMFI Credit and saving service since they are stable when compare to single and divorced women and marginalized land less women were excluded from the program indirectly during the loan group formation.

A married woman, who constitutes the major share of the study, had responsibility towards taking care of various domestic issues and, those divorced had greater challenge of taking care of themselves and their children and hence needs financial liberation.

4.1.1.3 Level of Education of Respondents

Education attainment is another important determinant factor for Economic empowerment in the lives of women through access to credit. The details is presented in figure 4.1

Figure 4.1 Level of Education of Respondents



Source: Author's own computation from field data

As shown in the figure above most respondents had no education or little education. About 47 (33.1%) of the respondents were illiterate, Another 40(28.2%) can only read and write, About 39 (27.5%) had formal education ranges up to the Primary level, and only 16(11.3%) had secondary level education and above .

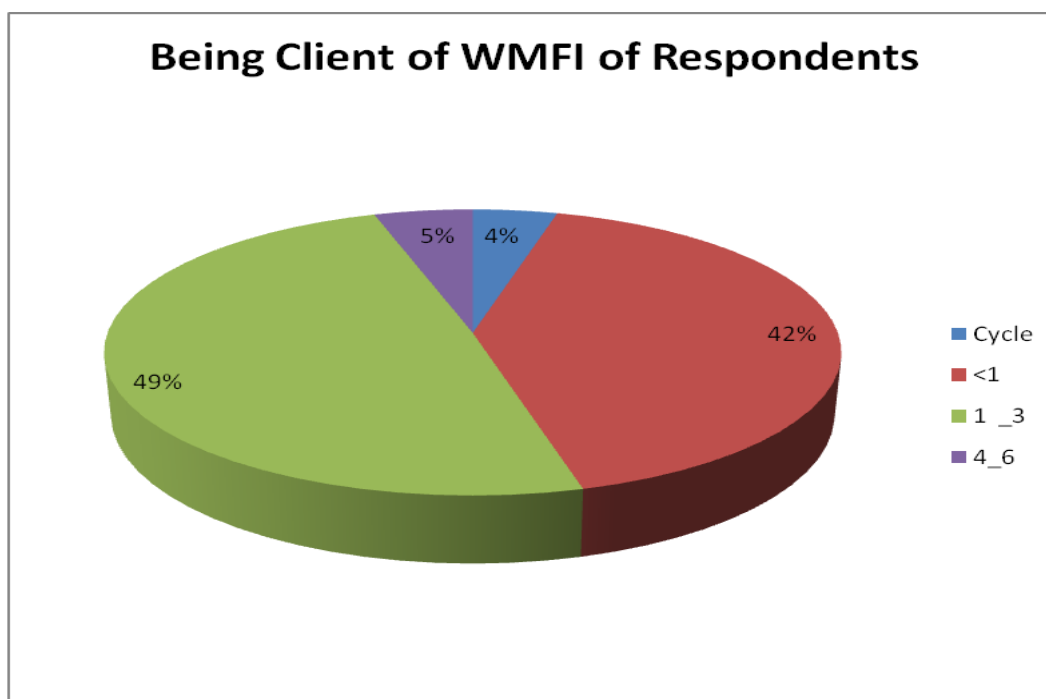
This shows that most of respondent's low back ground in education not exceeding elementary level.

This may accounted for the existing abject poverty among women in low level economic profile in their society.

4.1.1.4 Being Client of WMFI of Respondents

In addition to this study also identified their commitment to keep faith with respective intervention. The number of years the respondent had been client to the WMFI us shown in figure 4.2 below.

Figure 4.2 Being Client of WMFI of Respondents



Source: Author's own computation from field data

As indicated in the figure above most of the respondents indicated their commitment to keep faith with their respective interventions for reasons that: these microfinance products have helped them to expand their businesses.

They had helped them to meet certain social responsibilities in the family. However, those who wanted to back out stated reasons such as high interest rate and inflexible repayment schedule and conditions.

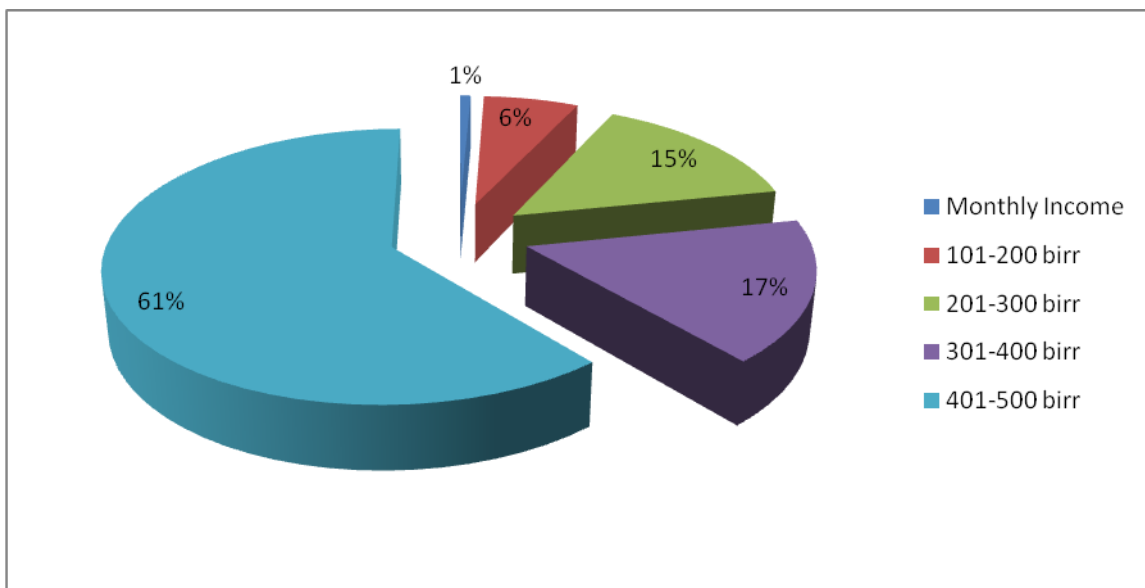
The study showed that 70(49.3 %) of the respondents been Clients for the WMFI for 4- 6 years, Another 59 (41.5%) had 1-3 years, 7 (4.9%) had above one years, and only 6(4.2%) had below 1 year.

4.1.2 The Income situation of Respondents

4.1.2.1 Average Monthly Household Income of Respondents

As the results to access to Credit the monthly income of the respondent had been increase significantly this shown in Figure 4.3.

Figure 4.3 Average monthly household incomes of respondents



Source: Author's own computation from field data

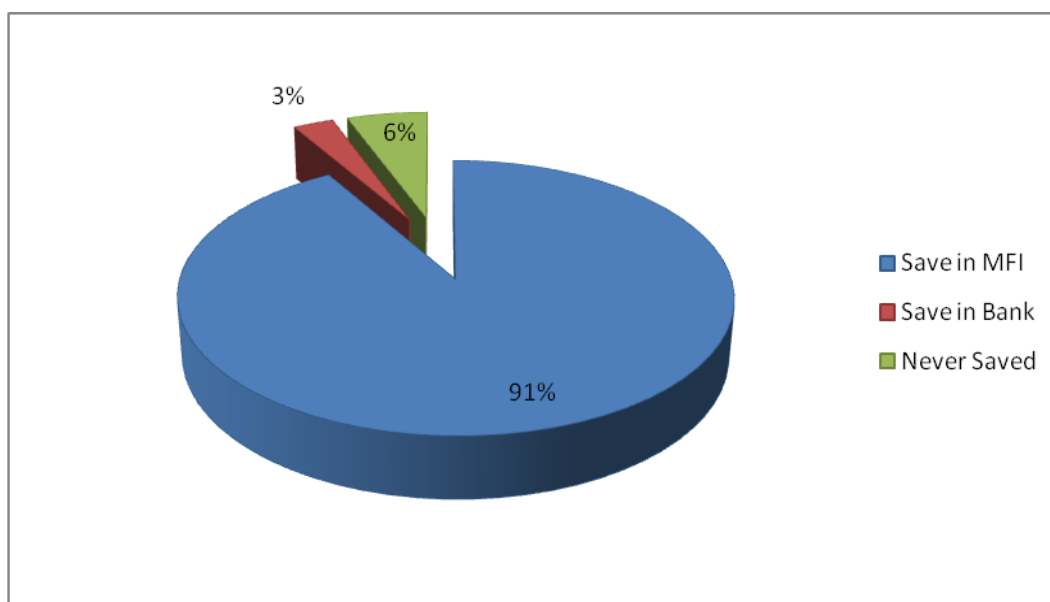
In the above figure current of monthly of the household income of respondents shown. Accordingly, the higher proportion of matured clients 87(61.3%), fall with the incomes levels of above Birr 500. Whilst of the total matured clients, 24(16.9%) earned monthly household incomes fall with the income range of Birr 401- Birr 500; 21(14.8 %) earned monthly household incomes fall with the income range of Birr 301- Birr 400; 9(6.3 %) earn monthly household incomes fall with the income range of Birr 201- Birr 300.

And 1 (0.7 %) earn monthly household incomes fall with the income range of Birr 101- Birr 200. The study data indicated that, most of respondent before access to credit the monthly income blow birr 100 and most of the matured clients were relatively in the high income level range when compared with the other category of respondents, about only 2 (1%) matured clients are in the lower level income range.

4.1.2.2 Personal Cash Saving of the Respondents

The generation of cash on monthly basis and amount saved by the respondent shown in Figure 4.4

Figure 4.4 Personal Cash saving of respondents



Source: Author's own computation from field data

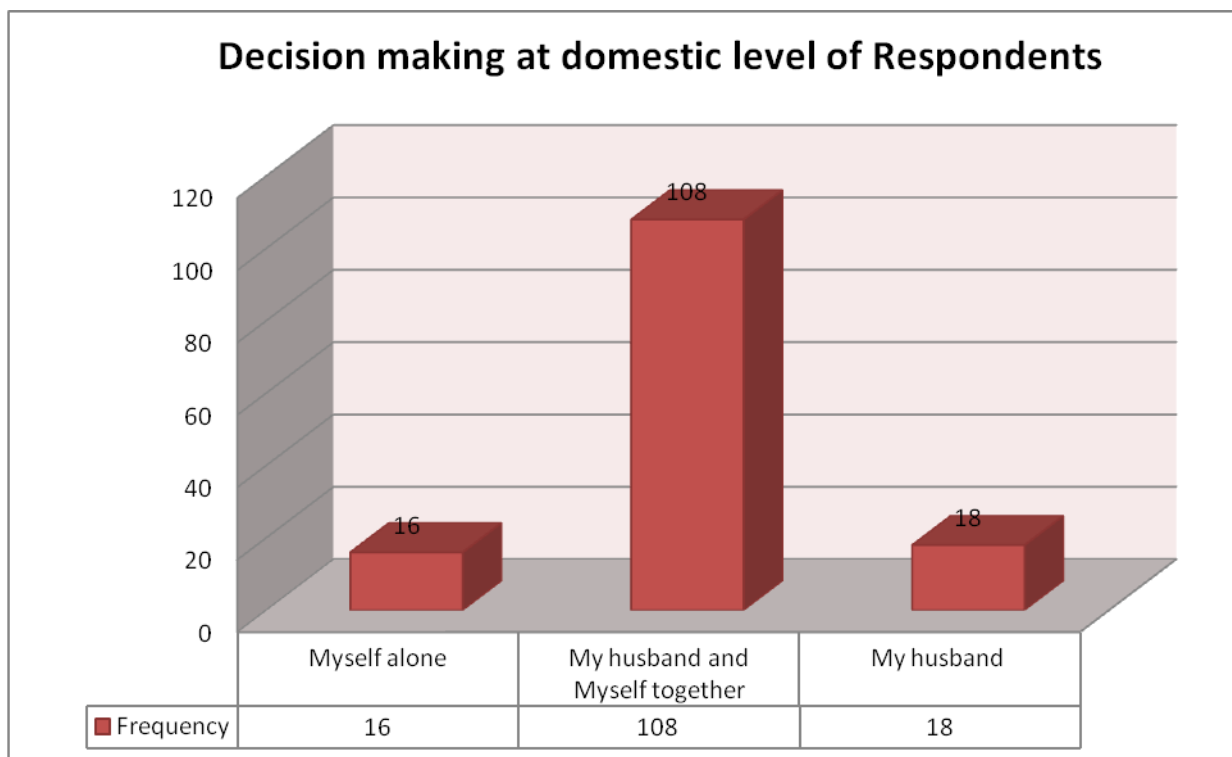
As presented in the above Figure most of the respondent had saved some money at WMFI.

The study showed that 130(91%) of the sample had Save their personal cash at MFI, Another 4(3%) had save in Bank and only 8(6%) had never saved. This shows that most respondents saving their money at WMFI.

4.1.3 Decision Making at the Household

As the result of the respondent access to the Wisdom Micro Financing Institution the decision making process at household shifted in favor of women is shown in Figure 4.5

Figure 4.5 Decision making at domestic level of Respondents



Source: Author’s own computation from field data

As shown in the above figure, the participation status of women in household decision-making is the overriding indicator of women’s economic empowerment.

To examine the impact of the WMFI microfinance program on women's decision-making within the household, respondents were asked to indicate their indecision making regarding domestic issue like education of Children, sale of animals, purchase of household utensils, clothing items, women's garment and ornaments, and decision on use of loan.

Accordingly, 108 (76 %) of the respondent reported that they do have access decision making at domestic Level; while 18 (12.7 %) of the clients reported that had no access decision making at domestic level.

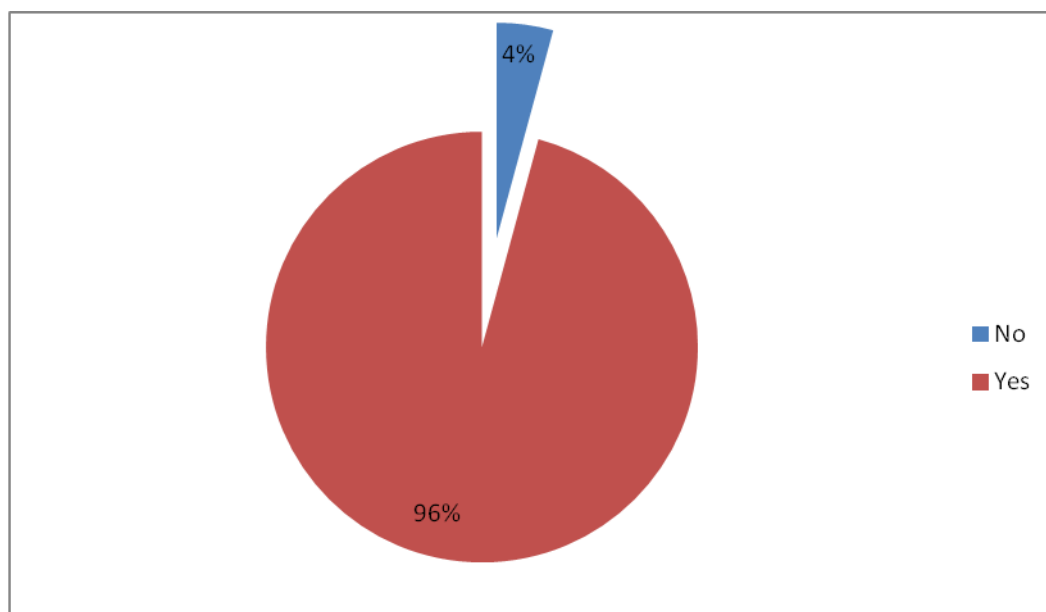
Accordingly, 16(11.3%) of matured clients who were widowed or divorced women reported that they decided in their own without any consultation with male relatives. While all the matured clients that were married women confirmed that they made the decisions in consultation with their husbands, and as such it was a mutual decision.

So that loan has improved their decision role in household / domestic issues and before access to credit most of household/ domestic decision has been made by their husband. Similarly, when it is time to decide on buying household clothing items, women's garments and ornaments, and school expenses, matured women clients were in a better position in participating in decisions than the incoming clients.

4.1.4 The Asset owner Rights Level of Respondents

As the result of the respondent access to the Wisdom Micro Financing Institution had an appreciable positive impact on its clients enjoy asset ownership rights after joining MFI. The details shown in Figure 4.6

Figure 4.6 Asset Owner rights level of Respondents



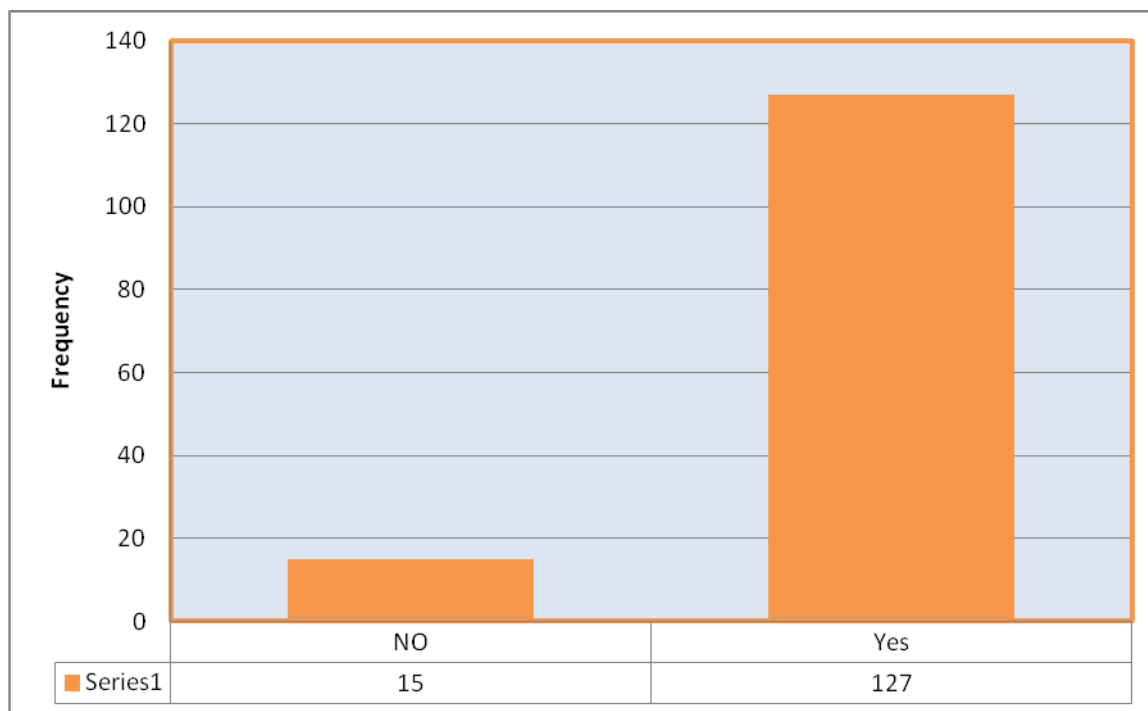
Source: Author's own computation from field data

As shown in the figure above, majority of the respondents 136(96%) reported an increase in their enjoy asset ownership rights after joining WMFI, whilst only 6 (4%) of the respondents said there was no change or relatively small change in their enjoy asset ownership rights after joining WMFI.

4.1.5 Improvement in Family's Standard of Living

The other Parameter considered in this study to measure improvement family's standard of living after joining MFI. The details shown in Figure 4.7

Figure 4.7 Improvement Family’s Standard Living of Respondents



Source: Author’s own computation from field data

As shown in the above figure, majority of the respondents 127 (89%) reported an improvement their and their family’s standard of living (education, health etc), whilst only 15 (11%) of the respondents said that was neither change nor improvement their and their family’s standard of living

In addition, it is evident from the figure that WMFI Program has had great impact on majority of the Clients in terms of improvement in their living standard and social status in community.

4.2 Estimation and Regression Modeling

The statistical model was specified as follows

$$WE = f(\beta_0 + \beta_1 \text{ age} + \beta_2 \text{ MRS} + \beta_3 \text{ RLE} + \beta_4 \text{ BCW} + \beta_5 \text{ AYHI} + \beta_6 \text{ PCS} + \mu)$$

Where

Dependent Variables

WE = Women empowerment (Dependent Variable)

Decision making on domestic level (Decision making on use of loan)

The Independent Variables

Age= Age of respondents (Continuous)

MRS= Martial status of respondents (single=1, Married=2, Divorced=3, widowed=4)

RLE= Respondents level of education (categorical, illiterate=0, read and write=1, G 1-4=2, G 5-8=3, G 9-12=4)

BCW= Being Client of wisdom (Matured = 1 and not matured 0)

AYHI= Average household income monthly (continuous)

PCS= Personal Cash saving (dummy, if Yes =1 and 0 otherwise)

And $\beta_0, \beta_1, \beta_2 \dots \beta_n$ are parameters

4.3 Analysis of the Result

The Binomial Logit model estimates were presented below in order to determine factors that affect Empower women economical. The details shown in Table 4.3

Table 4.3 Regression result

Variables	Coefficient
Constant	(4.94) * 13.49
Marital Status	(11.4) * 0.28
Age	(3.44)** 0.89
Respondent Level of Education	(2.21)*** 0.72
Being Client of Wisdom	(.160)* 1.17
Average House hold Income Monthly	(6.17)** 1.48
Personal Cash Saving	(2.43)*** 1.54
R ²	0.78

Note: ***, ** and * are significant at 1%, 5% and 10% respectively.

Terms in parenthesis are t-statistics

The result of the model showed that the signs of coefficient do agree with the prior expectation that women had economical as marital status ,age, Level of education , being clients of wisdom, house hold income and personal cash saving were positively related to dependent variables .

The magnitude of parameter indicated that greatest response in women empowerment resulted from a change of personal cash saving, as its value is the highest while change in marital status would bring about the lowest change in women empowerment.

Using the beta coefficient for marital status, for example we can conclude that widow and divorced women in society increase by 1 unit, the probability improvement in the women decision making at domestic level would increase on average by 0.28 units, when other variables are held constant. Although in society married women considered much better than as compared to unmarried and widow.

In this case as the age of the respondent increased by 1 unit, the probability women decision making at domestic level would increase by 0.89 and so the age is one of the big factors in decision making.

Education Level of respondent increased by 1 unit, the probability women decision making at domestic level would be increased by 0.72. Showing that education play great role in improving the decision level of women in domestic issues because the educational achievements of women could have ripple effects within the family and across generations as study the study indicated.

Being Clients of wisdom increase by 1 unit, the probability women decision making at domestic Level will increase by 1.17. This showed that women who had subsequent loan were in better in decision making at domestic level for that: these microfinance products have helped them to expand their businesses and increase their income.

House hold income increased by 1 unit, the probability women decision making power at domestic level would increased by 1.48. When women build assets and achieve better economic status, they develop higher self esteem, were more visible in their communities, more mobile, and their children are better fed. Wider impacts can include greater respect for women's rights, better ability of women to negotiate sexual relations and a consequent reduction in HIV infection, and positive changes in gender roles.

Personal Cash Saving increased by 1 unit, the probability women decision making power would increased by 1.54. Women who are economically empowered contribute more to their families, societies and national economies. It has been shown that women invest extra income in their children, providing a route to sustainable development.

The multiple R^2 value indicated that the variation by all the independent variable is 0.78. This means that 78.00 % of the variance in women empowerment has been significantly explained by six independent variables.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter provides a general summary and conclusions from the study, as well as recommendations for policy analysis.

5.1 Summary of the Study

Women in Ethiopia are marginalized from economic, social and political empowerments due to multifaceted reasons.

Hence as viable approach to poverty alleviation and development, Microfinance institution are designed to assist the poor, particularly women, to bring about economic empowerment across the globe, though the Ethiopian experience remains open for further study and investigation.

This being the case, the present study assessed the impact of microfinance on women's economic empowerment, taking the case of Wisdom Micro Financing Institution (WMFI) in Woliso district, Oromiya National Regional State, in Ethiopia

The study investigated the Impact of microfinance on the economic empowerment of women with a focus on WMFI microfinance programme. The result of the study indicated that women that had access to credit had better position in decision making regarding domestic issue unlike their fellows who had no opportunity.

This study agree with finding the gender dimension of microfinance in recent times stems from the fact that women are often seen as instruments for societal change and development and as such, empowering them may be of great benefit to society.

According to the findings of the study, micro-financing has yielded positive impacts on women's economic empowerment.

The majority of matured women clients of WMFI have improved their access to and control over assets. In this regard, women now own and control economic assets such as livestock and better dwellings.

In addition, clients have improved their households through income generated from loan-financed activities. Asset possession of matured clients has been found to be better when compared with incoming clients.

Women's participation in the WMFI micro-finance program has also contributed substantially to the improvement of their income. Matured clients have been found to be in better economic status, in terms of their increased income levels and control over their earnings. The loan program helped clients to diversify their sources of income by practicing income-generating activities.

In similar manner, the loan program improved the saving habit of women clients and the control such women now exercise over their savings. The majority, 91.5% of MFI clients, now had deposit in WMFI, which show that rural women had get access to saving.

The impact of WMFI intervention on the participation of women in household decision-making is very significant. The decision-making role of women clients has improved over time.

Thus, most of the matured clients are now able to make decisions by themselves on large sales, such as the sale of oxen, cows, goats and sheep; and on expenses for household items like clothing and garment, self-ornaments and other items of adornment, and school expenses.

Although both descriptive statistics and regression analysis indicated that the intervention of WMFI micro-finance service has improved the economic empowerment status of women.

In the study, improvement of average yearly household income, personal cash savings and improvement of asset possession were positively related to the intervention of the WMFI loan program.

Accordingly, it was argued that women's contribution to household income and family welfare increases women's participation in major household decisions.

Microfinance plays a significant role in the economic empowerment of women and as an effective tool to fight poverty by providing financial services to those who do not have access to or are neglected by the commercial banks and financial institutions.

5.2 Conclusions

According to the findings from the study, Micro financing has yielded positive impacts on women's economic empowerment. Women's participation in the WMFI program has also contributed substantially to the improvement of their income. The majority of women clients of WMF have improved their access to and control over assets. In this regard, women now own and control economic assets such as livestock and better dwellings. In addition, clients have improved their households through income generated from loan-financed activities

The loan program helped clients to diversify their sources of income by practicing income-generating activities such as animal fattening and rearing activities, which are useful indicators of decision making on use of loan in the regression model.

In similar manner, the loan program improved the saving habit of women clients and the control such women now exercise over their savings.

In the study, improvement of average Monthly household income, personal cash savings and improvement of asset possession are positively related to the intervention of the WMFI loan program.

Accordingly, it was argued in the descriptive analysis that women's contribution to household income and family welfare increases women's participation in major household decisions.

In general, this study had revealed that decision making on use of loan an indicator of women's economic empowerment was positively correlated with the micro-finance service program.

Thus, the implication of this study was that, though additional efforts were needed, micro-financing service that was being rendered by the Wisdom Micro Financing Institution at Woliso has been contributing positively towards improving the economic status of women, and has impacted on women's economic empowerment in the study area.

5.3 Recommendation

Based on the findings established by this study, it is possible to make the following Recommendations were made;

- 1) The Wisdom Micro finance Institution (WMFI) should expand its service coverage to the areas where its service is presently non-existent in order to reach the women who need the microfinance service to women clients to expand their businesses since the results from the study confirmed that microfinance had a positive impact on economic empowerment of women.
- 2) WMFI should provide more training programmes to women in order to improve their entrepreneurial skills and help reduce the problems which hinder their access to microfinance
- 3) WMFI should rethink its present unspoken policy of marginalizing landless women and not allowing them to participate in the program.

Even if WMFI has not yet set any rule or regulation to demand collateral security guarantee in rural microfinance service, rural women who do not own land are indirectly excluded from the program through loan group formation.

Group members do not allow landless women to be admitted into the group. Thus, options should be devised to incorporate other responsible bodies, such as development-oriented institutions, to work co-operatively with MFIs to address this problem

- 4) Government policy on the status of women plays an important role in empowering women in social as well as economic factors of empowerment. If government and other developmental partners work together in addressing these issues, they could better address the need of rural women. Strategies to combat the lack of empowerment must address not only the immediate need of rural women but must also focus on the root cause of women's powerlessness
- 5) Microfinance institutions should conduct proper meeting with Clients in which they must tell them about the use of loan in proper business

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APPENDIX: A

FOCUS GROUP DISCUSSION

Age _____

Religion _____

Marital Status _____

Level of Education _____

Duration of Microfinance (MFI) Membership (In Years) _____

1) From where did you heard about the MFI before you joined it? What were things you heard about the institution?

2) Before joining the MFI, where did you use to borrow money from? If you had a source of credit, please explain the differences between the previous and the current source of credit.

3) What is your current income level in comparison to the one prior to joining the MFI? What about your savings?

4) Who decides on the use of the loan you take? How do you spend the loan?

5) Who is the head of your family? How do you view your husband's attitude towards your contribution to the household before and after you joined the MFI?

6) How do describe your husband's cash expenditure before you and after you joined the MFI? If you have noticed any change, what do you think are the reasons for it?

7) Is there any change in your household decision making power after your MFI membership?

8) How do compare your domestic workload before and after you joined the MFI? Why?

APENDIX: B

IN-DEPTH INTERVIEW

Age _____

Religion _____

Marital Status _____

Level of Education _____

Duration of Microfinance (MFI) Membership (In Years) _____

- 1) Before joining the MFI, where did you use to borrow money from? If you had a source of credit; please explain any problems you experienced with the former Source of credit.
- 2) In your view, what are the advantages and limitations of the microfinance? Delivery by the Wisdom MFI?
- 3) How do you utilize the loan secured from the MFI? How do you compare the income and saving levels before and after joining the MFI?
- 4) Who decides on the use of the loan received from the MFI?
- 5) Who is the head of your family?
- 6) Do you make contributions to the household from the loans secured from the MFI? If yes, how does your husband view your contribution to the family?
- 7) How do describe your husband's cash expenditure before you and after you joined the MFI? If you have noticed any change, what do you think are the reasons for it?
- 8) Is there any change in your household decision making after your MFI membership?
- 9) How do compare your domestic workload before and after you joined the MFI? Why? Does your husband assist you in carrying out the workload?
- 10) Are there any changes in your political participation before and after you became a member of the MFI? What about with respect to your legal rights?
- 11) Are there any changes in your political participation before and after you became a member of the MFI? What about with respect to your legal rights?
- 12) How would you compare your self-confidence before and after you joined the MFI?