

# Assessment of Cause for Women's Participations in Micro-Finance Activates Case of Jimma Town, Oromia, Ethiopia

Eyerusalem Daniel<sup>1</sup>

<sup>1</sup> Rift Valley University

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## Abstract

The earlier intervention of government in rural credit (i.e. provision of credit with cheap interest rate and limited savings and deposit facilities) was not successful in financial terms. Considering the entrepreneurial environment, women's activates are very interesting as they offer great source of knowledge and innovations, for instance type of female micro-entrepreneur they differ in social back ground, educational level, experience and age. Therefore, this study is aimed to assess cause for women's participations in micro-finance activates in Jimma town. The study had employed cross sectional study design. The data of this study were both primary and secondary data are collected. The sample were selected by using purposive sampling method. Data was collected through questioners. Descriptive analysis were employed. It was found that the micro-financing schemes have contributed positively to the development of small-scale enterprise and a sense of entrepreneurship attitude.

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*Index terms*— women's participations, micro-finance activates.

## 1 I. Introduction

he incidence of poverty in Ethiopia is very high. According to CSA 1995/96, 50% of the population of Ethiopia afford to spend enough to consume the minimum food requirement. Poverty is higher in rural areas than urban areas. In the same survey of CSA, 52% of populations living in rural areas are unable to acquire the minimum food requirement while only 36% of the populations in urban area are unable to acquire this minimum. The intervention of micro-finance will have a significant effect in reducing poverty at the macro and micro levels. In Ethiopia government issued a microfinance law in 1996, which has emphasized the importance of micro-finance service. Following these provision 23% micro-finance institutions has been established. ??CSA, 1994).

The earlier intervention of government in rural credit (i.e. provision of credit with cheap interest rate and limited savings and deposit facilities) was not successful in financial terms (Humale, 1996). Considering the entrepreneurial environment, women's activates are very interesting as they offer great source of knowledge and innovations, for instance type of female micro-entrepreneur they differ in social back ground, educational level, experience and age. Another interesting factor is their strong communication channel at all levels ??International Journal, 1998).

The ability of women owned enterprises to flourish is greatly affected by the access to credit others factors that challenges are decision making by women entrepreneurs which is not centered on the welfare of the business, but it is on the welfare of the family due to commonly demand or lack of managerial expertise, Others are lack of information's flow, and lack of technical stock management regarding limited access to financial services women depend largely on their own limited cash resource or in some cases, loans from extended family members for investment capital. Smaller amount of investment capital effectively limit women to a narrow range of low -return activities which require minimal capital outlays, few tools and equipment and rely on farm produce or inexpensive row material in general women need access to small loans (especially for working capital innovative forms of collateral).

44 In the Increase of poverty part, particularly in women has been identified as the one the most significant  
45 development challenges facing in the fewer developing countries like in Ethiopia. Thus, these studies will by to  
46 investigate the major determinants of women's participation in micro-finance credit and it impact on changing  
47 their life. More over; the study will give answers to the following basic questions.

48 What are the major institutional and socioeconomic barriers to women's to access micro-finance services?  
49 Does the financial regulation and credit methodological fit to the needs of women? And what are the effect and  
50 impact of micro finance services on women welfare?

51 The main purpose of this study were to identify major cause for women's participations in micro-finance  
52 activates and how the participations in micro-finance affects the life of the poor women with particular reference  
53 in Jimma town.

### 54 **2 a) Specifically**

55 To identify the major institutional and socioeconomic factors that affect participation of women's in MF.

56 To identify financial measures which support women's participation in micro-finance.

57 To identify the benefits of micro-finance service's to women.

### 58 **3 II.**

#### 59 **4 Literature Review a) Women's Role in the Economy**

60 All over the world, the significant women entry into the work force over three decades has produced profound  
61 transformation in the organization of families, society, the economy and urban life.

62 Women have always actively participated in their local economies. In Africa, for instance, women produce  
63 80% of the food and in Latin America 40% as well as in Asia 60% of them produce food. In many cases, women  
64 not only produce the food but market it as well, which gives them a well developed knowledge off local market  
65 and customers.

66 Women, especially poor mothers, must divide their time between work productive rule and family reproductive  
67 rule and balancing all the demands. Inspire of the remarkable importance of women's participation, their jobs  
68 have been considered as an extra incomes to survival or simply to improve family living conditions.

69 Moreover, micro enterprises owned by women have been considered as a way to meet primary needs instead  
70 of profitable source of income.

71 Unfortunately, lab our markets have followed this perception and have offered less favorable conditions to  
72 women. Women workers consistently earn less than male partner do. That is the case Cameroon woman who  
73 works, for example, unto 10 hours per a day, but at the end of the month, their income is for below the Cameroon  
74 monthly minimum wage of 29000CFA francs.

75 Women have had to fight against an adverse environment. As a consequence of this reality, in some cases,  
76 women are just satisfied with the non-financial benefits, such the psychological satisfaction of social contact  
77 ([www.globent.org/horizon-local](http://www.globent.org/horizon-local)).

#### 78 **5 b) Women and Micro-finance**

79 Although men, as well as women, face difficulties in establishing additional enterprises women have many barriers  
80 to overcome. Among them are negative socio-cultural attitudes, legal barriers, practical external barriers, lack  
81 of education, and personal difficulties.

82 In spite of these, for women and especially for poor women, micro-enterprise ownership has emerged as strategy  
83 for economic survival. One of the most essential factors contributing to success in microentrepreneurship is access  
84 to capital and financial services. Regarding limited access to financial services, women depend largely on their  
85 own limited cash resources or in some cases, loans from extended family members for investment capital.

86 Smaller amount of investment capital effectively limit women to a narrow range of low return activities which  
87 require minimal capital outlays. Few tools and equipment and rely on farm produce or in expensive row material.  
88 In general, women need access to small loans (especially for working capital), innovative forms of collateral  
89 frequent repayment schedule more appropriate to the cash flows of their enterprises, simpler application produces  
90 and improved access to saving accounts (Dig nard and Jose, 1995).

#### 91 **6 c) Micro-finance And Poverty Reduction**

92 If poverty is understood as a low level of annual income per household, reducing poverty is all about raising  
93 average income levels. Moreover, attention to annual income can observe fluctuation in that income during any  
94 given year.

95 Defining poverty in terms of power relations implies that assessment of the impact of micro-finance interventions  
96 should focus on their influences on social relation and the circumstances which reproduce them (women and men,  
97 landed and landless, particular or ethnic groups) are able to benefit from financial services or are excluded from  
98 doing so (Berhanue,1999 ).

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## 7 d) Credit and Micro-enterprises

While there are methodological difficulties involved in measuring increases in incomes brought about by provision of credit, studies have demonstrated that the availability of credit for micro-enterprise can have positive effect.

A recent survey, collected data from government, NGOS and bank involved in providing financial services for poor people, revealed that household which had not demonstrated that credit provision enabled household income to rise. (Johnson and Rogaly, 1997).

However, taking the analysis further, Hulme and Mosley demonstrated that the better off the borrower the greater the increase in income from a micro-enterprise loan. Borrowers who already have assets and skills are able to make better use of credit. (Osmani, 1989)

## 8 e) Development of Micro-Finance in Ethiopia

In Ethiopia, though saving and credit program were operated for a number of years, by NGO, microfinance operation in regulated form is a relatively new phenomenon. The idea of micro-credit was first introduced by the world Banks market lawn program.

and industry in what were called "16 market Towns "in stage owned and then spread to all the major towns of the country. (Welday, 2000).

The performance of MFIS is mainly evaluated in terms of sustainability of MFIS is measured on the basis of their capacity to generate enough revenue (excluding subsidies) to cover the cost of all factors of production and loan able funds.

Outreach is measured in terms of number of clients, loan size, percentage of loan to client, below poverty line, percentage of female clients range, of financial and non-financial services offered to the poor, the level of transaction costs levied on the poor, and the extent of client satisfaction with respect of financial services. (Wolday, 2001).

## 9 III.

## 10 Research Methodology a) Study Area and Design

Jimma town is located at a distance of 365KM from the Capital city of Ethiopia. The study period is from (Jan-Jun, 2010).

This study was conducted to describe and analyze the women participation in micro-finance in Jimma Town of micro enterprises. All information were collected by using structured self-administered questionnaires and some secondary data.

## 11 b) Target population

The total number of population in our study particularly, the case of Jimma Town which composed of two micro-finances:-Harbu and Eshet micro-finances are 3679.

Out of these number of population only 80 samples was used for our study by using the selected sampling techniques.

## 12 c) Sampling technique and Sample Size

In this study the researcher was use purposive sampling technique that is one part of non-probability sampling. The researcher use prior knowledge to choose respondents to describe questioners were consider sample size 40 using the above method.

## 13 d) Data analysis procedure

The collected data checked for its completeness and coded on SPSS Version 16. Descriptive analysis was used. Frequency table, mean standard deviation was used to describe the data. In the analysis of qualitative data, the researcher begins with the description of informant's responses and analyzing of open ended questionnaires.

IV.

## 14 Reuslt and Discussion

This study defines the participation of women in micro-finance in Jimma town by means of different variables that can measure and set results of women participation in MF. To effectively understand how women participation affected by different variables, one must understand the environment in which MF and women interact, so that the MFI can take action to provide, promote and give service (credit and debit) that satisfy women expectations and on the other hand the results obtained from study is very helpful in providing a foundation information for future research in emerging foundation information for future research in an emerging area of women participation for the credit and debit in general.

This chapter deals with the results that are obtained from the respondents of the questionnaire that the women participation in MFI, these are factors that affect them to participate and not to participate such as age, religion, sex, literacy status, income and profit.

153 Hence in order to bring about effective concept and understanding of the subject matter, discussing all the  
154 result is deemed to be necessary.

## 155 **15 Global Journal of Management and Business Research**

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## 157 **16 ( B )**

158 As it can be seen from the above bar graph the age of the respondents (participant) which lies between 28  
159 and 32 is the leading age group. Then 23-27, 18-22, 33-37, and above 37 age group follows. These age groups  
160 accounts for 30.0%, 27.5%, 17.5%, 15.0% and 10.0% respectively. From this we saw that major of the respondents  
161 are between 28-32 age group. Because the Micro Finance encourages the youth population of those who are not  
162 employed.

163 We grouped each client's age starting from 18 and above that. Because the person who takes a loan should  
164 have to be independent of any other body. In addition to this they must be responsible for all action they  
165 performs regarding with each micro-finance institutions. Even though orthodox is the dominant, the MFIS give  
166 equal opportunity to all religion.

167 The bar graph shows the marital status of respondents. According to this graph the married has the highest  
168 percent (67.5%), and then Single, Widowed and Divorced are follows (20.0%), 7.5% and (5.0%) respectively. Here  
169 the number of married participants is high since their family size is larger as compared to the other. This refers  
170 that they need additional support as well as much capital in order to improve their living standard. Following  
171 this, protestant, Muslim and catholic are 13(32.5%), 10(25.0%) and 3(7.5%) respectively.

172 From the above bar-chart of factors affecting women participation in MFIS, 20.0% are rule and regulation  
173 of MFIS, 15.0% are not available of MFIS in the area, 12.5% are lack of working capital, 52.5% are lack of  
174 knowledge.

175 Hence the most percentage indicates the lack of knowledge because managing many needs a good knowledge.  
176 From the above bar chart we observe that as amount loan provided decrease, the number of women participant  
177 decreases more. To specify this about 55.0% of them are those who are decreases in number and 27.5% of the  
178 others are remain the same. Even though this is the case, about 17.5% of participants are increases. As you  
179 notice from the above table, the best and the appropriate method to increase women participation is,. Educating  
180 women about the usefulness of MFIS And about 52.5% respondents support this method. And then increasing  
181 the number of MFIS in the area is the second most important method of increasing the women participation which  
182 is 25.0%. Preparing comfortable work place for women is the last alternative means of increasing the women  
183 participations that is about 22.5% of the respondents. From the above bar charts about 72.5% of participants'  
184 responds that there is no religion influence on women to take part in the institutions and the rest for 27.5% of  
185 the participant replies that there is an influence of religion on women participation. Hence most participants are  
186 not influenced by religion to take part in the institutions.

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188 As it can be seen from the figure 4.8, 13.79% of the participants take 1801-2600 birr loan amount from MFIS,  
189 where as 17.24%of those who take 2601-3400birr loan amount. On the other hand 27.59% of participants take  
190 3401-4200birr, about 13.79% of the participants are those who take1001-1800birr loan from MFIS. In addition to  
191 this, about 6.9%, 20.69% of the participants are those who take loan between 200-1000and above 4200 birr loan  
192 amount from MFIS, respectively.

193 Generally, the above result shows that the majority of participants take loan amount between 3401-4200 birr  
194 from MFIS and the least of them are those who take loan amount 200-1000. Here the amount loan is restricted  
195 because, as the name indicates, MFIS are those institutions who encourage the participants (clients) who have  
196 lower level of income with respect to their capital. This is because those MFIS have lower capital at maximum of  
197 5000 birr with regarding our research and it is not possible to give loan for investment purpose and other which  
198 are beyond their capital. From the above pie chart that shows gender that take the first place in borrowing loan  
199 from MFIS, women who occupied the first rank in borrowing loan from MFIS. They consist of (57.5%) of total  
200 participant. And male participants take the second place (42.5%).

201 Hence, MFIS initiate women to participate a greater number. We observe from the bar chart that the majority  
202 of women recognized the importance of the MFIS.

203 They accounts for (80.0%) but a fewer women haven't yet known the usefulness of the institutions (20.0%).

204 Since, most number of women have awareness, this in turn results in a greater number of women to participate  
205 in the MFIS. The above table shows that the cross tabulation between sex and sex discrimination hence, from  
206 Female: about 23.5% respond there is sex discrimination, and about 66.7% said there is no sex discrimination  
207 by MFI. Male: 76.5% stated sex discrimination is highly practiced, 33.3% respond there is no sex discrimination  
208 at all.

209 As the total percent within sex of respondent indicates, 44.7% replied that MFI discriminate sex and about  
210 55.3% of the respondent replied that the MFIS do not discriminate their participant based on the sex. Hence,  
211 we conclude that more males stated that there is sex discrimination by MF than females.

212 This refers that, even though there is no sex discrimination in the micro finance institutions, the micro-finance  
213 encourage women's most of the time. As we observe from the above table, 31.0% of the respondents who take  
214 loan from MFIS are those whose educational levels are 7-12grade but about 9.1% responded as they do not take  
215 loan from MFS. The respondent who have Collage certificate take loan from MFS accounts for 34.5%, but 54.5%  
216 responded as they do not take loan from MFS. The rest of respondents are mention in the table V.

## 217 18 Conclusion

218 Poverty and food in security are the main challenges and trend mental issues of economic development in Ethiopia.  
219 It is evident that in all developing countries the vision is to have aware developed economy in the long run.  
220 However, this is impossible without having aware developed industrial sector which absorbs more labor force  
221 there by reducing the level of unemployment. Apparently, reduction of unemployment and food insecurity, the  
222 federal government of Ethiopia has implementing different development program.

223 To this end a new approach was designed and successfully tried in many developing countries to expand  
224 women's empowerment and self-employment opportunities to the poor and jobless people through the provision  
225 of MF that promotes the growth of small-scale enterprises.

226 Depending up on this study we conclude the following points: ? The analysis shows that there is a  
227 strong association between literacy status and women's awareness towards the usefulness of MFIS. ? The loan  
228 disbursement of the two MFIS shows there is incredible increment from year to year so as to help poor women  
229 and unemployed through provision of loan.

## 230 19 Recommendations

231 Since there are some operational problems of clients after the loan, so corrective measures should be taken by  
232 MFIS such as; giving training, increase the initial loan diversifying the economic activities in collaborations with  
233 government and decline of bureaucracy in giving the loan.

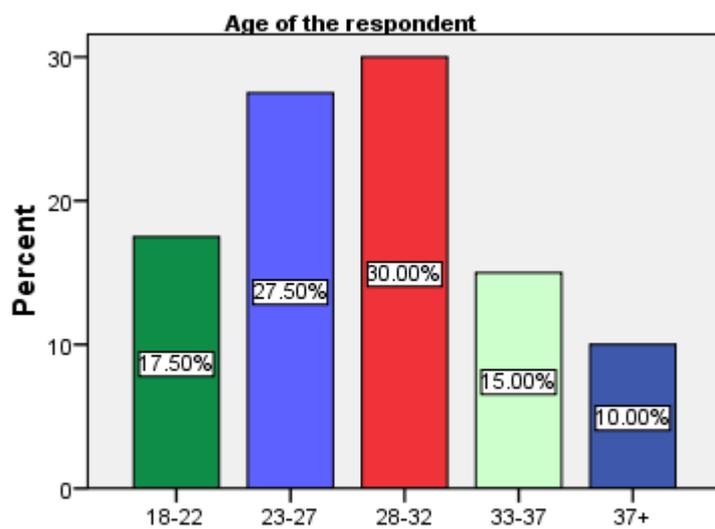
234 The MFIS should have to create awareness about the usefulness of the institutions for the participants (clients).  
235 The institutions should provide optional loan life; provide sufficient amount of supervision, encourage saving  
236 further and keeping records as well as training and counseling to the women so as to enhance the living standard  
of the poor. There should not be discrimination based on the grounds of religion, sex, literacy status. <sup>1</sup>



42

Figure 1: Figure 4 . 2 :

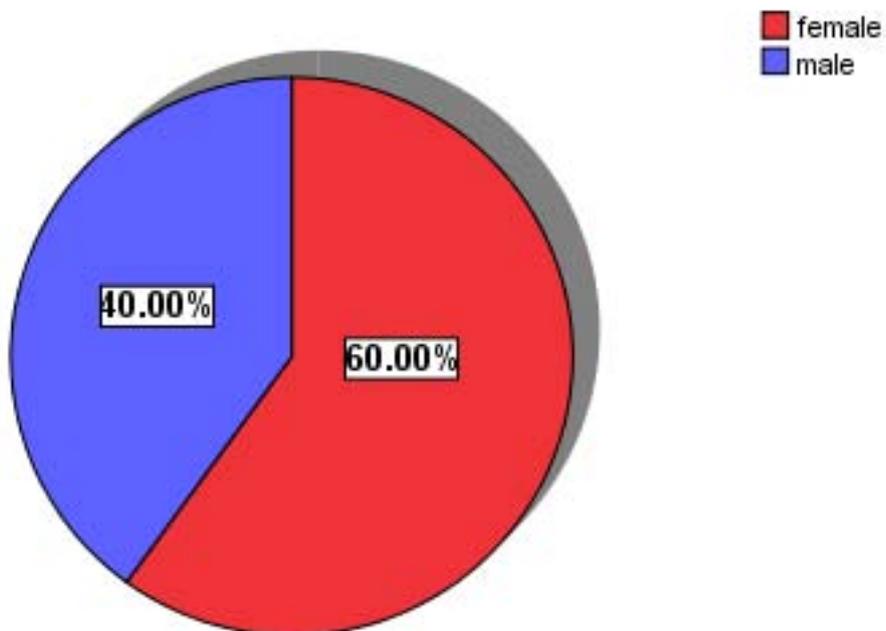
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Figure 2: Figure 4 . 1 :

### sex of respondent



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Figure 3: Figure 4 . 3 :

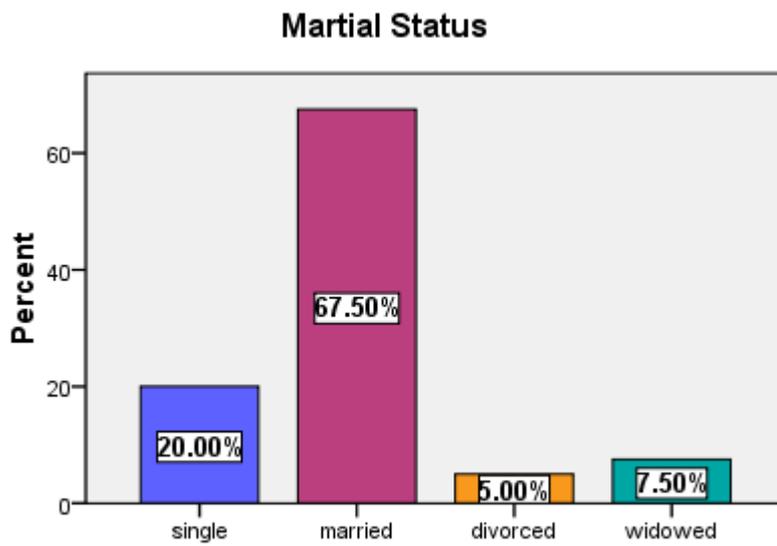
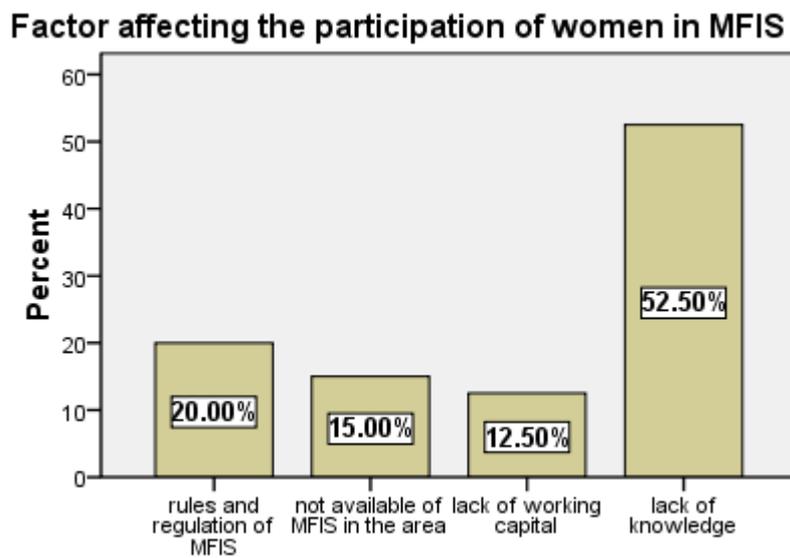


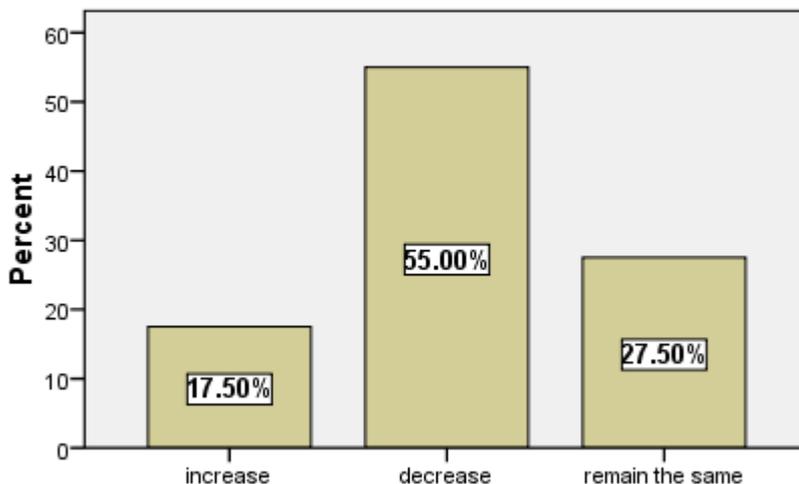
Figure 4: Volume



456

Figure 5: Figure 4 . 5 : 6 :

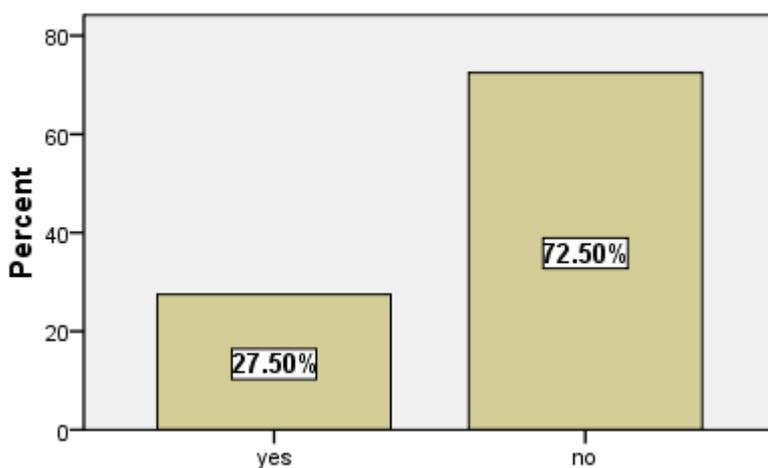
**The consequence of low level of loan profit on the number of women**



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Figure 6: Table 4 . 2 :

**The infulence of religion on women**



47

Figure 7: Figure 4 . 7 :

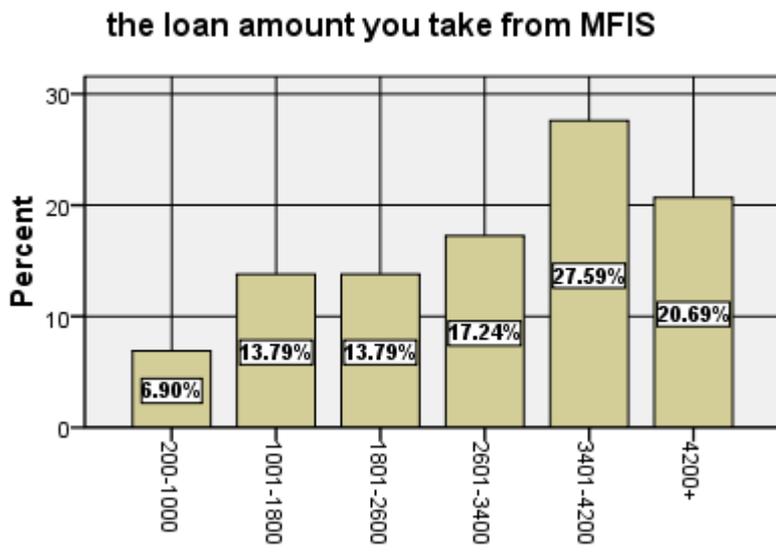
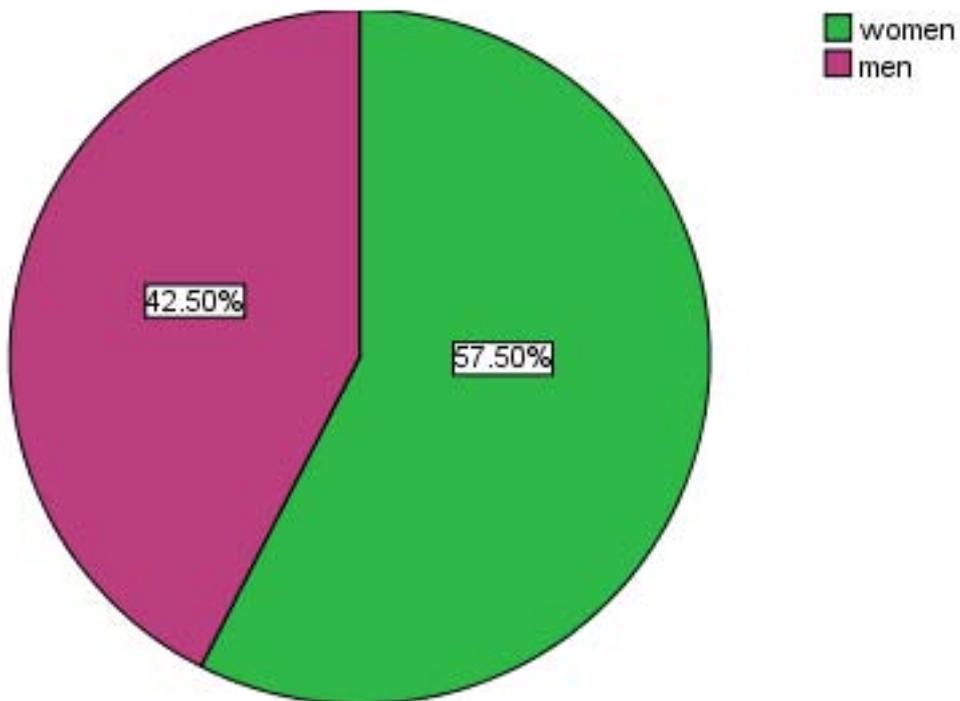


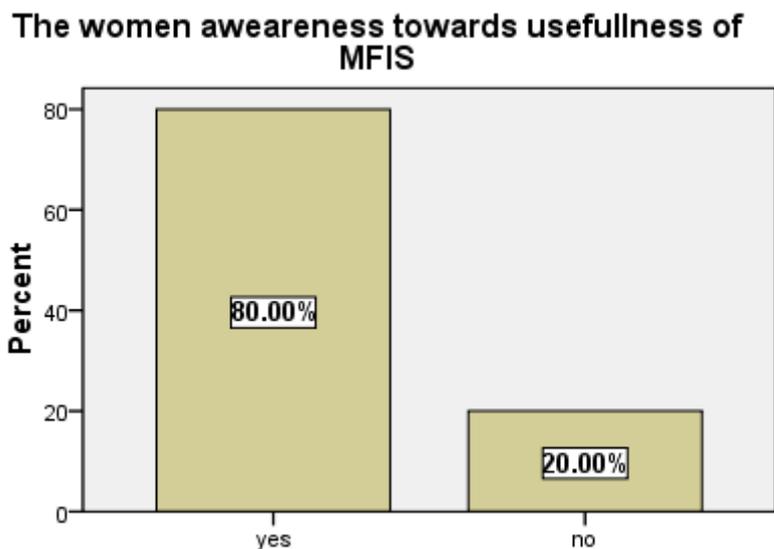
Figure 8: Global

**The person taking the first place in borrowing loan from MFIS**



48

Figure 9: Figure 4 . 8 :



4

Figure 10: Figure 4 .

41

religion of respondent		Frequency	Percent	Cumulative Percent
orthodox		14	35.0	35.0
protestant		13	32.5	67.5
catholic		3	7.5	75.0
Muslim		10	25.0	100.0
Total		40	100.0	

Figure 11: Table 4 . 1 :

42

Frequency	Percent
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Figure 12: Table 4 . 2 :

43

Frequency	Percent
-----------	---------

Figure 13: Table 4 . 3 :

4

sex of respondent		Sex discrimination by MFIS yes no		Total
female		4	14	18
male		13	7	20
Total		17	21	38

Figure 14: Table 4 .

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4

Taking loan from MFIS  
yes

no

Total

Figure 15: Table 4 .



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