

1 The Role of Microfinance on Women's Economic Empowerment  
2 in Southwest Ethiopia: In the Case of Four Woredas around  
3 Gilgel-Gibe Hydroelectric Power Dam

4 Wondaferahu Mulugeta<sup>1</sup> and Fikadu Gutu<sup>2</sup>

5 <sup>1</sup> Jimma University

6 Received: 10 December 2015 Accepted: 4 January 2016 Published: 15 January 2016

7

---

8 **Abstract**

9 In Ethiopia, microfinance programs are currently being promoted by the government as well  
10 as nongovernmental organizations (NGOs) as a solution strategy for simultaneously addressing  
11 both poverty alleviation and women's empowerment. However, only a limited number of  
12 researches attempted to explore the relationship between women's participation in microcredit  
13 programs and their empowerment by using empirical data. To fill this gap, we conduct a  
14 cross-sectional study with overall aim of assessing the role of Micro finance institutions  
15 (MFI's) on women's empowerment. We employed a multi-stage sampling approach and a  
16 total of 374 women's, 182 (Micro finance institution) MFI clients and 192 non-clients were  
17 included in to study. Using a structured questionnaire adopted from the 2011 Ethiopian  
18 demographic health survey, we collected data on background characteristics of women's and  
19 their household and characteristics specific to women's empowerment.

20

---

21 **Index terms**— women empowerment, MFIs, binary logistic model.

22 The Role of Microfinance on Women's Economic Empowerment in Southwest Ethiopia: In the Case of Four  
23 Woredas around Gilgel-Gibe Hydroelectric Power Dam Fikadu Gutu & Wondaferahu Mulugeta Abstract-In  
24 Ethiopia, microfinance programs are currently being promoted by the government as well as nongovernmental  
25 organizations (NGOs) as a solution strategy for simultaneously addressing both poverty alleviation and women's  
26 empowerment. However, only a limited number of researches attempted to explore the relationship between  
27 women's participation in micro-credit programs and their empowerment by using empirical data. To fill this gap,  
28 we conduct a cross-sectional study with overall aim of assessing the role of Micro finance institutions (MFI's) on  
29 women's empowerment. We employed a multi-stage sampling approach and a total of 374 women's, 182 (Micro  
30 finance institution) MFI clients and 192 non-clients were included in to study. Using a structured questionnaire  
31 adopted from the 2011 Ethiopian demographic health survey, we collected data on background characteristics of  
32 women's and their household and characteristics specific to women's empowerment. Four measures of women's  
33 empowerment, namely, source and level of income, control and access to asset, saving habit, and participation  
34 in household decision, were used. Client and non-client women's are then compared with respect to the above  
35 mentioned women's empowerment components. To test whether or not the observed variation in decision making  
36 autonomy among client and non-client women's, we used logistic regression model. MFI membership status was  
37 observed to have a statistically significant association with source and level of income (p-value less than 0.000 for  
38 both). MFI membership was also statistically significantly associated with control over asset (p-value <0.000).The  
39 odds of non-client women to participate in decisions about their own health care and family (relative) visit are  
40 0.55 and 0.51, respectively, as compared to client women. Further, the odd of non-client women to participate in  
41 at least three of the decisions made at household level is 0.39 as compared to client women. Beside this success  
42 story of MFI, loan repayment problem was observed on some of the clients due to various reasons. Therefore,  
43 considering the contribution of MFI in alleviating the root cause of poverty, the government of Ethiopia and

44 NGO's working on this area should focus on increasing the coverage of MFIs and in providing training for  
 45 members before loan; which is crucial for the achievement of the goal of the program.

## 46 1 Introduction a) Background of the study

47 The term microfinance, according to Robinson (2009) refers, to the large scale profitable provision of financial  
 48 services like small savings and loans, to economically active poor people by sustainable financial institutions.  
 49 Since the 1980s microfinance has become an important component of development, poverty reduction, agent of  
 50 livelihood diversification and economic regeneration strategies around the world. It has become a vast global  
 51 industry involving large numbers of governments, banks, aid agencies, nongovernmental organizations (NGOs),  
 52 cooperatives and consultancy firms and directly employing hundreds of thousands of branch-level staff. As a  
 53 result, most governments advocate the sector based on the assumption that the poor possess the capacity to  
 54 implement income generating economic activities but are limited by lack of access to and inadequate provision  
 55 of savings, credit and insurance facilities (Hulme, 2009; Morduch and Haley, 2002).

56 Study conducted on economic empowerment of women by gendernet (2011), reveals that, the economic  
 57 empowerment of women is a precondition for continuous development and for the poor of poor growth. Gender  
 58 equality and empowered women are catalysts for multiplying development efforts. Investments in gender equality  
 59 give up the highest returns of all development investments. Women usually invest the more part of their earnings  
 60 in their families and communities than others. A study conducted in Brazil showed that the likelihood of a  
 61 child's survival increased by 20% when the mother controlled household income. In addition, increasing the role  
 62 of women in the economy is part of the solution to the financial and economic crises and critical for economic  
 63 pliability (spirit) and growth. However, at the same time, we need to be mindful that women are in some contexts  
 64 bearing the costs of recovering from the crisis, they become unemployment, un-attractive working atmosphere  
 65 and increasing instability according to gendernet in 2011 study result.

66 Higher female earnings and bargaining power translate into greater investment in children's education, health  
 67 and nutrition, which is road to economic growth in the long-term. The share of women payment in waged/and  
 68 salaried work increases from 42% in 1997 to 46% in 2007. In India, Growth Domestic Product (GDP) could rise  
 69 by 8% if the female/male ratio of workers grew up by 10%. Total agricultural outputs in Africa could increase  
 70 by up to 20% if women's access to agricultural inputs was equal to men's. Women-owned businesses comprise  
 71 up to 38% of all registered small businesses worldwide. The number of business owned women's in Africa, Asia,  
 72 Eastern Europe and Latin America is rising rapidly and, with that growth, come direct roles on job creation and  
 73 eradicating poverty (United Kingdom Department for International Development, 2010).

## 74 2 b) Statement of the Problem

75 Accepting the philosophy of micro finance is appropriate and a critical interference to use economically active  
 76 human power for developing countries. Study conducted by African development bank ??2006), also emphasized  
 77 that, Microfinance plays a critical role to enhancing development effectiveness by contributing to poverty  
 78 reduction, increased political, social, and economic development, social empowerment, socially involving, school  
 79 attendance of children, and Economic prosperity especially for women.

80 However in Ethiopia, because of challenges, such as un-participatory policies, cultural problems, and lack of  
 81 awareness, Women's continue to suffer with back-breaking domestic tasks and unimproved weighty agricultural  
 82 activities for long periods of time in a day. Women in Ethiopia, especially in rural area, have no exposure to  
 83 economic opportunities that would support them to practice alternative income-generating activities to change  
 84 standard of their own life as well as family. Lack of alternative income sources is a major challenge which makes  
 85 women's to be very much dependent on their husbands as well as on their relatives and leads to low participation  
 86 in household decision-making.

87 In addition, the studies which assess the role of micro-finance on women's economic empowerment so far  
 88 limited in urban or not done enough in rural part of the country. This is due to the fact that, both microfinance  
 89 institutions development and priority attention to women's empowerment (economic empowerment) were new  
 90 while comparing with other countries.

91 Therefore, this study recognized those gaps and tried to find evidentiary information about the role of micro-  
 92 finance on women's economic empowerment in south west Ethiopia, based in the case study of women's in four  
 93 woredas around Gilgel-Gibe Hydroelectric Power Dam.

## 94 3 c) Objective of the Study

95 The main and general objective this study was, to assess the role of microfinance program on women economic  
 96 empowerment and how it improving women's source and level of income.

## 97 4 II.

98 Review of Related Literature a) Why women's empowerment matters?

99 Women have now gained an international reputation for their excellent credit performance, making them a  
 100 priority for poverty-oriented credit programs. For the majority of women borrowers, credit is much more than  
 101 access to money: it is about women lifting themselves out of poverty, and achieving economic and political

<sup>102</sup> empowerment within their homes, their villages, and their countries. For example; 40 per cent of poverty reduction in rural Bangladesh has been attributed to the role of microcredit ??Khandker et al, 2005).

104 Economic empowerment is the capacity of women and men to take part in, contribute and advantageous  
105 from growth progress in a ways which recognize the value of their contributions, respecting their dignity and  
106 make it feasible to negotiate a fair distribution of the benefits from growth. Economic empowerment increases  
107 women's access to economic resources and opportunities including jobs, financial services, material goods and  
108 other productive resources, skills improvement and market information ??Gendernet, 2011).

109 Increasing the role of women in the economy is part of the solution to the financial and economic crises and  
110 critical for economic pliability and growth. However, at the same time, we need to be mindful that women are  
111 in some contexts bearing the costs of recovering from the crisis, with the loss of their jobs, unattractive working  
112 atmosphere and increasing instability on them (Ibid, 2011).

## 5 b) Micro-finance and Women Empowerment

114 They are many definition of empowerment by many scholars, Sen in (1993) define empowerment is reflected  
115 in a person's capability set. The 'capability' of a person depends on a different of factors, including personal  
116 characteristics and social provision. Empowerment is the ability to fulfill this capability (ability) and not just the  
117 choice to do so. According to him, the focus should be on certain universally valued functioning's, which relate to  
118 the basic fundamentals of survival and well-being regardless of context. This contains better nourishment, good  
119 health and shelter for family. If there are systematic gender differences in these very basic working achievements,  
120 they can be taken as evidence of inequalities in the underlying capabilities rather than as differences in preferences  
121 as he stated. change and to the capacity and right to make decisions. According to Kabeer (2001), it consists of  
122 change, choice and power to define empowerment. It is a progression of change by which individuals or groups  
123 with little or no power gain the ability to make choices that affect their lives.

Generally, poverty is the end position implying lack of entitlement emerging from insufficient assets and capabilities for the fulfillment of basic livelihood needs. This results in the social and economic exclusion of a certain class and category of people and their consequent disempowerment. Hence, the idea of 'empowerment' has influenced development practitioners, development agencies (government and non-government), theoreticians and almost all donor agencies in the last decade (Padma and Getachew, 2004). Women's economic empowerment is the process, and the outcome of the process, by which women achieve greater control over assets and intellectual resources, and becomes independent on external forces.

131 6 III.

## <sup>132</sup> 7 Methodology of the Study a) Study Area

133 The study was conducted in south west Ethiopia, in the case of woredas around Gilgel-Gibe Hydroelectric Power  
134 Dam. The study area was found in Jimma zone, Oromiya regional National State, in Southwest of Ethiopia.  
135 Oromiya Regional National State is the largest state of the country, Ethiopia. Specifically study area which was  
136 four woredas around Gilgel-Gibe Hydroelectric Power Dam, which found in Southwest part of Ethiopia, which is  
137 located 55 Km away from Jimma town, with an approximate latitude of 7 0 48' to 7 0 50' North and longitude  
138 37 0 17' to 37 0 20' East. The area extends over 1,607 Km<sup>2</sup>, with an altitude of about 1760 m.a.s.l. The study  
139 area is administratively structured into 4 districts (locally known as woreda).

## 140 8 b) Sample Size Determination and Sampling Techniques

To select two woredas namely Omo Nada and Sokoru the researchers used lottery method from four woredas around Gilgel-Gibe Hydroelectric Power Dam. Additionally sample kebeles purposively grouped in to two groups depending on their distance from woredas main town. In first group which are far less than or equal to 15km and in the second group kebeles which are far for more than 15km. Finally, twelve kebeles from two selected woredas of the study areas were taken for this study. Finally 374 samples have been collected based on the simplified formula developed by (Noel, et al, and 2012). The sample size needed to obtain an approximate 100(1-?)% confidence interval for the population proportion of decision making women's (P) of length at most 2d, was determined by the following formula ( Noel, et al, 2012).

151 After determining the total sample size ??, a stratified sampling technique used to select households from each  
152 kebeles. Partition of the study sample to each study kebeles was based on proportional allocation. Then, study  
153 households from each kebele were identified through systematic random sampling of every fourth house until the  
154 allocated sample size reached. Single women from each household were then included to study.

## 155 9 c) Method of Data Collection

156 A cross sectional survey method was employed by using semi-structured questionnaire among selected repre-  
157 sentative households in the study area. The primary data was collected via structured interview questioner  
158 in February 2015. Among others, the structured questioner comprises three main parts. The first part deal

## 14 B) SOCIOECONOMIC CHARACTERISTICS OF THE HOUSEHOLDS

---

159 with basic household and respondent characteristics and the second part deal with household and respondent  
160 participation in bank, credit association, and micro finance institution. And the third part deal with women's  
161 decision making, especially, which are indicator of empowerment. And which are considered to be important  
162 variables that affect the behavior of women empowerment on a priori theoretical grounds.

### 163 10 d) Study Methodology and Data Analysis i. Study Methodology

165 For the study, methodology used by Amin et al (1998) and, Schuler and Hashemi (1994) to evaluate impact of  
166 microfinance on women's economic empowerment was used with some modification.

167 ii. Data Analysis Data was analyzed using STATA software package version 11.0 (Stata Corp 4905 Lake  
168 way Drive College Station, Texas 77845 USA) for regression analysis. The empirical analysis of the study  
169 conducted using both descriptive statistics and logistic regression analysis. Various tables generated to describe  
170 characteristics of respondents. Household and individual-level comparison would be made in terms of socio-  
171 demographic and socio-economic characteristics between client and non-client of micro finance as well as decision  
172 making and non-decision making women's using chi-square test for categorical variables.

### 173 11 e) Estimates of the Model

174 Assessing the role of microfinance on women's decision making participation at household level of respondents at  
175 the participant level requires between the probability of decision making and explanatory variables is specified  
176 as: Let  $Y_{ij}$  be the  $i$  th women's decision making status (a binary outcome, 1= alone, 0=otherwise) living in the  
177  $j$  th kebele  $s$ .

178 Where,  $\pi_{ij}$  is population proportion of decision making women in the  $j$  th kebele,  $\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k$  are their associated regression  
179 coefficients or study parameter.

181 The explanatory variables that affect the decision making status of the women's are expressed both qualitatively  
182 and quantitatively. According to Maddalain 1999, where the dependent variable is dichotomous, many studies  
183 show that Probit and Logit models are appropriate. Since the Logit model is simpler in estimation than Probit  
184 model. So, Logit model is preferred to the Probit model for this study. In addition, Logit model is a more realistic  
185 pattern of change in the probability compared to other qualitative dependent variable models like the Probit,  
186 for two main reasons. First, the odds ratio, which is a measure of the strength and direction of relationship  
187 between the two variables, has a special property of not requiring variables to be normally distributed. Second,  
188 mathematical transformation of the odds ratio is the Logit model. This mathematical transformation removes  
189 the problem of asymmetry existing in the odds ratio and in turn makes this a superior method (Peng et al, 2005).

190 The question of decision-making in household level is expressed in dichotomous form. Thus, a "women made  
191 decision" is assigned a value of 1, otherwise 0.

192 Women Economic Empowerment function of the study defined as:

### 193 12 DM= f (MFIM, AG, ME, EL, HHH, ES, TOJ, TOP)

194 IV.

### 195 13 Result and Discussion

196 a) Demographic and Social Characteristics of Respondents Among interviewed respondents 15(4%) were between  
197 the age of 18-24, 215(57.5%) between 25-32, 111(29.7%) between 33-39 and 33(8.8%) were between 40-47  
198 respectively. In addition 273(73%) respondents were married or live with their husband, 70(18.7%) divorced,  
199 30(8%) widowed and only 1(0.3%) were single. 59(15.8%) of respondents reported that they were living in  
200 suburban and 315(74.2%) live in rural area. Also, from total respondents, 253(67.6%) had no education or didn't  
201 read and write, 109(29.1%) primary education and only 12(8%) were at secondary and higher education level.

### 202 14 b) Socioeconomic Characteristics of the Households

203 Heads Among 374 of households, 274(73.3%) were male headed and 100(26.7) are female headed. The average  
204 household size, 276(73.8%) were less than or equal to 5 membership and 98(26.7%) are greater than 5 household  
205 member size. As expected, from household headed by male 190 (67.6%) no education, 75(29.1%) primary  
206 education and 9(3.2%) secondary and higher education. In addition, age of household headed by male 18 -24,  
207 1(0.4%), 25-32, 110(40.1%), 33-39, 87(31.8%), 40-47, 74(27%) 48-54, 1(0.4%) and greater than 54, 1(0.4%),  
208 respectively. This indicates, households in the study area were predominantly male headed, which is the same as  
209 study country and also a common feature of most African countries. Almost around one in four households are  
210 headed by women with the proportion of female-headed households much higher in urban than in rural areas.  
211 The result of the study shows that family sizes in rural areas are higher than urban.

---

## 212 15 i. Asset Ownership of Respondents Household

213 The survey result shows that, 335(89.6%) of respondents household own house with less than or equal to  
214 3 rooms while 39(10.4) respondents household own greater than three rooms house. Meanwhile 312(83.4%)  
215 of respondents indicated the floor of their house is natural floor, while 45(12%) rudimentary floor ?? ???  
216 ~????δ ???"δ ???"δ ???"δ ???"????????(?? ?? ) ??δ ???"δ ???"?? ?? ?? 1?? ?? = ?? 0 + ?? 1 ?? 1 + ?? 2 ?? 2 + ?  
217 +

## 218 16 ii. Employment Status, Occupation and Earning type of the 219 Respondents

220 Employment is one aspect of social life in which gender roles and relationships emerge. For this, respondent  
221 were asked a number of questions regarding their employment status, including whether they were working in  
222 the seven days preceding the survey and, if not, whether they had worked in the 12 months before the survey.  
223 Then, we classified respondents as currently employed, not currently employed and not employed. Currently  
224 employed is defined as having done work in the last seven days and includes women's who did not work in the  
225 last seven days but who are regularly employed and were absent from work for leave, illness, vacation, or any  
226 other such reason. We say a woman is not currently employed if she had worked in the past 12 months before the  
227 survey but not working in the seven days preceding the survey. At the time of the survey, about 44.1% women's  
228 were currently employed and an additional 50.26 percent were not currently employed but had worked sometime  
229 during the past 12 months.

230 Employment increases with increasing age, with those in the age group 40-47 much more likely to be currently  
231 employed. About 96 % of women are who have no education and all women's with secondary and higher education  
232 had been working in the past 12 month preceding the survey. There is notable variations in the proportion of  
233 employment by place of residence and membership in MFI's status. Rural women are more likely to be employed  
234 than Sub-urban women (95.56 percent compared with 88.14 percent).This is probably because of the survey data  
235 collection took place during the agricultural season when most women in rural areas are likely to be engaged in  
236 farm work. The proportion of employed women is higher among MFI members than non members.

237 Most employed women's are engaged in the agricultural sector. Specifically, more than three forth (75.67  
238 percent) of employed women's employed women are engaged in agricultural jobs. Sales and service is an important  
239 occupation category, employing 13.3 percent of the women.

240 An overwhelming majority (58 percent) of women engaged in agricultural work are unpaid workers most likely  
241 (84.5%) employed by family members. Women are more likely to be paid in cash if they are employed in the  
242 sales and services sector; about 60.9% of the women employed in this sector are paid in cash. Overall, about half  
243 (45.19 percent) of employed women are not paid at all and more than half (63.9%) of employed women's work  
244 for a family member.

## 245 17 iii. Awareness and Membership Status of Respondents in 246 MFIs (Financial institution)

247 The study survey show that, of respondents 88.8 percent heard about MFIs and only 11.2 percent of them were  
248 reported they don't have information about MFIs services. In addition, 48.7 percent of respondents reported they  
249 were member of MFIs. The result indicates that microfinance institutions outreach is still so low. In contrast to  
250 the result, in the first step in the Government's Sustainable Development and Poverty Reduction Program (2002)  
251 is to encourage the further spread of modern financial services in the country. So this is what needs attention  
252 from government, policy makers and development association those work on women's empowerment.

## 253 18 c) Determinant Factors of Women's Participation in

254 Household Decision making Since we had not adjusted our analysis to other covariates the observed difference in  
255 women's participation in decision may explain by other factors beside membership status. For this, we consider  
256 age, marital status, educational level, residence, number of household members, owner ship of agricultural land,  
257 ownership of live stock, employment status, sector of employment, type of earning, and saving habit in addition  
258 to MFI membership status as a candidate factor that may affect the odds of women's participation in decision  
259 making.

260 We had information on women's participation in four types of household decisions: respondent's own health  
261 care, making large household purchases; making household purchases for daily needs; and visits to family or  
262 relatives. For each type of household decisions, Women are considered to participate in decision making if they  
263 make decisions alone or jointly with their husband or someone else.

## 264 19 Global Journal of Management and Business Research

265 Volume XVI Issue VI Version I

20 Year ( )

267 For each type of household decisions, Women are considered to participate in decision making if they make  
268 decisions alone or jointly with their husband or someone else.

21 ??????????????ð ???"ð ???"????????ð ???"ð ???"ð ???"ð ???"ð ???"?? ??

## 22 Daily household purchase

## 23 Family/relative visit

## 24 Participation in Decision in general (women's are considered to participate in household decision

282 in general if they participate at least in 3 of the 4 decision types)? 5?? = ? 1 0 ??δ ???"δ ???"?? 1?? + ?? 2?? +  
283 ?? 3?? + ?? 4?? ? 3 ??δ ???"δ ???"?? 1?? + ?? 2?? + ?? 3?? + ?? 4?? < 3

284 For each of the five responses we fit a multiple binary logistic regression where factors that are significant at  
 285 20% significance level in the univariate analysis are included in to the model. The regression result in table 1  
 286 shows that, the probability of the decision making shows direct relationships with explanatory variables and the  
 287 entire coefficient have the expected sign. However, the extent to which these variables relate with the dependent  
 288 variable is different. The result in table 1 above also shows that, Participations of women's in decision making  
 289 is statistically significant with membership of MFIs, educational level and type of payment. The odd ratio of  
 290 non-client women participation in general decision making is 0.39 as compared to client women. That is, the level  
 291 of participation of client women in general decision making is higher by 69% as compared to no client. Women  
 292 who are in the third category of educational level (secondary and higher) group did not have a statistically  
 293 significant difference from that of women in the first group of educational level (no education) participation in  
 294 general decision making.

295 However, women in the second (primary education) category of educational level are statistically significant  
296 with compared of the first category of educational level (no education). That is, adjusting to other covariates,  
297 the odd ratio of participation in general decision making for women in the second educational level category  
298 is 2.05 as compared to women's in the first educational category. In other word, the level of participation of  
299 women in first educational categories/no education in general decision making is lower by 1.05% as compared to  
300 primary educational level. In addition, Women who are in the third (in kind only) and forth (not paid) type of  
301 payment group did not have a statistically significant difference from that of women in the first group of (in cash  
302 only) interims of participation in general decision making. However women in the second (in cash and kind) type  
303 of payment are statistically significant with compared to the first type/category. That is, adjusting to other  
304 covariates, the odd ratio of participation in general decision making for women in the second category is 2.71 as  
305 compared to women's in the first payment category. In other word, the level of participation of women in second  
306 type of payment categories in general decision making is lower by 1.71% as compared in first type of payment  
307 category.

## 25 d) Discussion of the Study

309 From result of the study, client of MFIs women's source and level of income increases more likely than non-clients  
310 of MFIs. This result indicates that micro finance have positive role to increase/improve women's source and level  
311 of income. Also when we compare within client women; Matured clients source and level of income increased than  
312 incoming clients. This statement indicate that, duration of becoming micro finance membership have positive  
313 role on source and level of income increased yearly.

314 Since Production process can be increased due to the possibility of having access to more stable sources  
315 of finance through the sustainable provision of loans and/or savings facilities. This, in turn, allows for a  
316 steady and more predictable supply of inputs and enhances provident business management strategies; It  
317 enhances social intermediation strategies such as group formation increase knowledge and information about new  
318 business opportunities, resources, and markets, and improves management practices; additionally, if the program  
319 implements complementary training programs, the technical and managerial skills acquired may accelerate women  
320 benefit from MFIs program.

---

321 From result of the study, when we can generalized the significance intervention of microfinance services,  
322 promises both to combat poverty and to develop the institutional capacity of financial systems through finding  
323 ways to cost-effectively lend money to poor households. Poor households are typically excluded from the formal  
324 banking system for lack of collateral, but the microfinance movement exploits new contractual structures and  
325 organizational forms that reduce the riskiness and costs of making small and uncollateralized loans. Types of job  
326 occupation, employment status and type of earning also have remarkable variation on saving habit of women.  
327 Specifically women those are working in agriculture were save more likely than women in non-agriculture. The  
328 viability of enterprises is increased by providing safe and accessible saving facilities in which clients can accumulate  
329 start-up capital. This is particularly important for poor people who start enterprises with savings. With credit,  
330 new enterprises can be financed within households that dispose of supplementary income sources to cover loan  
331 repayment. Generally, micro finance program have prior significance effect to increase women's saving habit.

332 Decision making can be a complex process and the ability of women to make decisions that affect the  
333 circumstances of their own lives is essential for their empowerment. From indicator of women decision making,  
334 women's participation in four types of household decisions: namely respondent's own health care, making large  
335 household purchases; making household purchases for daily needs; and visits to family or relatives were selected.  
336 Women are considered to participate in decision making if they make decisions alone or jointly with their husband.

337 Participation of women's about their own health care is statistically significant with MFIs membership,  
338 educational level and household headship. Participation of client women in decision making about their own  
339 health care is higher than non-client by 45 percent. From this difference we can say that, women those have  
340 access to finance are more care for their health. When there is Healthy mother? healthy child? healthy people  
341 ?healthy economy. When there is healthy economy it is possible to eradicate poverty. In addition to eradicating  
342 poverty, decreasing child mortality and mother's death is the main goal of growth and transformation plan of the  
343 study country. To achieve the goal of growth and transformation plan of the study country; politicians, policy  
344 makers and development associations should be focus to reach poor women with better services of MFIs than  
345 today.

346 The result of regression analysis shows that, participation of women's in decision making; which is the indicator  
347 of women's economic empowerment is statistically significant with membership, educational level and type of  
348 payment. The level of participation of client women in decision making is higher by 69 percent as compared to  
349 no client. As expected educational level of women were also positively related with general decision making. As  
350 educational level of women increase participation in decision making is also increase. In other word, the level  
351 of participation of illiterate (no education) women in decision making is lower by 1.05 percent as compared to  
352 primary educational level.

353 Type of payment has remarkable variation on women decision making. Women those are took payment in  
354 kind only and not paid at all have low participation in decision making when we compared with who receive in  
355 cash and kind. In addition, women those are receive their payment in cash only more participate in decision  
356 making when compared with the other type of payment. In other word, women those receive in cash only have  
357 higher by 1.71 percent participation in decision making when compared with women receive payment in cash and  
358 kind. Generally, from all independent variables statistically significant in this study micro finance had the lion  
359 share on women's economic empowerment.

360 V.

## 361 26 Conclusions

362 This study result indicates that, micro finance program have positive role on improving women's source and level  
363 of income. In addition, even if there is not big gap between clients of MFIs, duration of micro finance membership  
364 have also positive role on the source and level of income rate to be increased yearly. Matured clients source and  
365 level of income increased than incoming clients.

366 The role of micro finance institutions on saving habit of women's also positive; MFIs client women's saving  
367 habit were more likely higher than comparing to non-clients. As improvement on women's source and level  
368 of income, duration of micro finance membership have also positive role to improve saving habit. But in the  
369 case of saving habit the gap between matured and incoming clients less than improving the source and level of  
370 income. Also micro finance program improved women's control and access to asset and decision making power at  
371 household level; by providing independent sources of income outside home, micro finance helps to reduce women  
372 dependency regarding socio-economic on their husbands/partner comparing with non-clients. In other word,  
373 MFIs have positive role to improve women's control and access to asset, and decision making power by providing  
374 control over material resources, as well as, improve women's status in the eyes of husbands/partners.

375 Generally, from empirical analysis of the study, the researchers noted that MFIs should focus on how to reach all  
376 women those have interest for credit and preferences by reducing the bureaucracy mentioned by women and other  
377 stockholders at the time of discussion. Availing microfinance services with prior service for poor women's had  
378 significant role on economic empowerment of the women; which is acknowledged by study findings. In addition,  
379 economic empowerment of women is about producing society believed on justice and impartial societies. Also

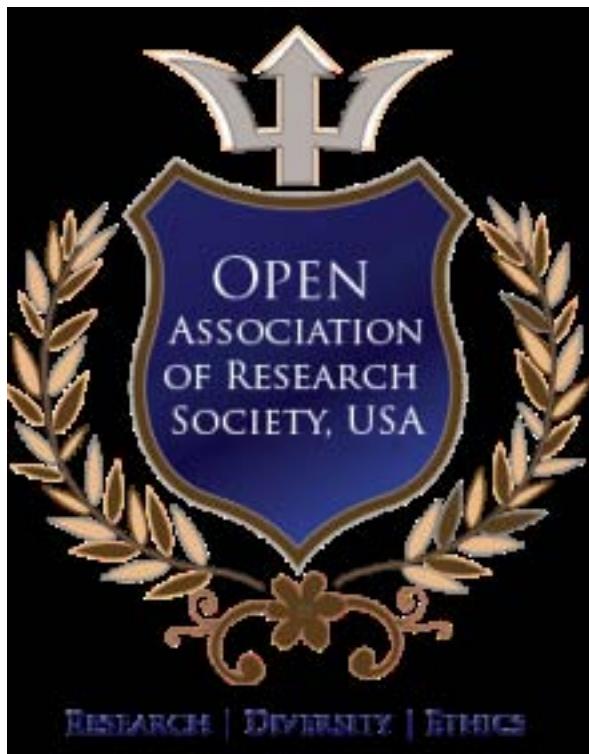


Figure 1: B

assessed based on the dependent variables indicated below. The variables used in regression are respondent age, marital status, educational level, Households headship status, type of occupation, type of payment/earning, employment status and membership of microfinance status. The functional relationship

$$\begin{aligned} & ?? ?? 2??) ?? 1+???? 2 = \\ & ? 1+ (???1)( 374 \dots \dots \dots \text{ (Equation 1)} \\ & ? \end{aligned}$$

2016  
Year  
3  
Volume XVI Issue VI  
Version I  
( )  
Global Journal of  
Management and  
Business Research

*[Note: © 2016 Global Journals Inc. (US) adjustments to control for differences between clients and non-clients. The role of MFIs on respondents was]*

Figure 2: B

---

and 17(4.5%) indicated their houses having finished floor respectively. Concerning the main construction material for their home, 211(56.4%) of the respondents used natural roof, 8(2.1%) rudimentary roof and 155(41.1%) finished roof. In addition 228(61%) of respondent used natural wall, 134(35.8%) rudimentary wall and only 12(3.2%) have finished wall. However, only 105(28.1%) of respondents indicated that they have electricity while the majorities 269(71.9%) do not have electricity in their home.

Regarding to household effect, the majority 285(76.2%) of households have radio and 89(23.8%) do not have. However, only 70(18.8%) households have television at home. The majority of respondents (about 269 or 71.9%) have personal mobile phone. Even among the respondents from rural areas about 67% of them have mobile phone. Only 58(15.5%) of household respondents have fixed line phone and 316(84.5%) of respondents do not have. Among the households in rural areas, 11(3.5%) of them do not own agricultural land. This indicates that, households in rural Ethiopia are much less likely to possess consumer items like televisions, telephones, radios and electricity.

Where,

DM = Decision making

MFIM= Micro Finance Institution Membership status

AG = Age

ME = Marital Status

EL = Educational Level

HHH = Household Headship

ES = Employment Status

TOJ = Type of job Occupation

TOP = Type of payments

Figure 3:

## 26 CONCLUSIONS

---

1

Characteristics	Health care		Major house hold Purchasing		Daily Household Purchasing		Famil OR
	OR	P- value	OR	P- value	OR	P- value	
<b>MFI-membership</b>							
Member	1.00		1.00				1.00
Non-member	0.550	0.015	0.757	0.219			0.512
<b>Age</b>							
18-24	1.00		1.00				1.00
25-32	1.08	0.899	0.783	0.713			2.220
33-40	1.918	0.314	0.270	0.055			0.718
40-47	1.01	0.984	1.109	0.896			2.952
<b>Marital status</b>							
Single	1.00		1.00				1.00
Married	5.73	0.98	1.68	0.99			3.78
Divorced	2.50	0.98	7.72	0.99			0.00
Widowed	1.97	0.98	6.59	0.98			0.00
<b>Educational level</b>							
No-education	1.00		1.00				1.00
Primary education	1.71	0.05	3.70	0.00			1.35

Figure 4: Table 1 :

380 believes that, woman economic empowerment issue is not only about equality, it is about right, humanity, and it  
 381 is global issue to eradicate poverty. <sup>1 2 3</sup>

<sup>1</sup>© 2016 Global Journals Inc. (US) 1

<sup>2</sup>© 2016 Global Journals Inc. (US)

<sup>3</sup>The Role of Microfinance on Women's Economic Empowerment in Southwest Ethiopia: In the Case of Four Woredas around Gilgel-Gibe Hydroelectric Power Dam

---

382 [Peng et al. ()] *An Introduction to Logistic Regression Analysis and Reporting*, C J Peng , K L Lee , G M Ingersoll  
383 . 2005. Indiana University-Bloomington

384 [Morduch and Haley ()] *Analysis of the Effects of Microfinance on Poverty Reduction*, Jonathan Morduch ,  
385 Barbara Haley . 2002.

386 [Sen ()] 'Capability and well-being'. A K Sen . *The quality of life*, Sen Nussbaum (ed.) (Helsinki) 1993. World  
387 Institute of Development Economics Research

388 [Kabeer ()] 'Conflicts over Credit: Re-Evaluating the Empowerment Potential of Loans to Women in Rural  
389 Bangladesh'. N Kabeer . *World Development* 2001. 29 (1) p. .

390 [Schuler and Hashemi ()] 'Credit programs, Women's empowerment, and contraceptive use in rural Bangladesh'.  
391 S R Schuler , S M Hashemi . *Studies in Family Planning* 1994. 25 (2) p. .

392 [Hulme ()] 'Finance for the Poor: The way forward'. Hulme . *Microfinance: A reader*. Routledge, D Hulme, T  
393 Arun (ed.) (New York) 2009.

394 [Maddala ()] *Limited-Dependent and Qualitative Variables in Econometrics*, G S Maddala . 1999. United  
395 Kingdom: Cambridge University Press.

396 [Khandker ()] 'Microfinance and Poverty: Evidence Using Panel Data from Bangladesh'. Shahidur R Khandker  
397 . *World Bank Economic Review* 2005. 19 (2) .

398 [Amin and Becker ()] 'NGO-Promoted Microcredit Programs and Women's Empowerment in Rural Bangladesh:  
399 Quantitative and Qualitative Evidence'. R Amin , S Becker , BayesA . *The Journal of Developing Areas* 1998.  
400 p. .

401 [Robinson ()] 'Supply and Demand in Microfinance: The case for financial systems'. M S Robinson . *Microfinance:*  
402 *A reader*. Routledge, D Hulme, T Arun (ed.) (New York, USA) 2009.

403 [Veraverbeke et al. ()] Noel Veraverbeke , Yilma Tefera , Legesse Negash , Zeytun Gashaw . *Belay Birlie: Notes*  
404 *for the course Principles of Statistical Inference. North-South-South project in Biostatistics Series*, (Belgium)  
405 2012.

406 [Padma and Getachew ()] 'Women Economic Empowerment and microfinance: A review on Experiences of  
407 Awassa Women Clients'. M Padma , A Getachew . *International Conference on Microfinance Development in*  
408 *Ethiopia held at Awassa*, (Ethiopia) 2004. (A paper presented in the)

409 [Women's Economic Empowerment Issues paper on www ()] *Women's Economic Empowerment Issues paper on*  
410 *www*, 2011. (gendernet.com)