

# A Case Study on Women Empowerment through Wondo Genet Omo Microfinance Institution, SNNPR, Ethiopia, Africa

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## ABSTRACT

*Micro finance plays an important role in economic and social development of members by improving savings habit, providing finance and improving empowerment. Women constitute half of the population in Ethiopia but women have been suffering from discrimination and unequal treatment for centuries of in all dimensions. The discrimination and marginalization of women make them poor in many ways that is from economical, political and socio-cultural and psychological deprivation. Therefore, this study attempted to investigate the relationship between micro-finance and empowerment in Wondo genet Woreda, Ethiopia by collecting data from 120 women respondents from four Kebeles took loan from Wondo genet Omo Micro Finance Institution. For the purpose of the analysis, primary and secondary as well as qualitative and quantitative data was used. To examine the impact of micro-finance on women empowerment, descriptive statistics were used mostly by comparing the situation before and after their participation in the intervention. The impact was assessed using various indicators like income generation, employment creation, decision making and control over economic resources; self confidence and change in social position.*

**Key Words:** *Economic Impact, Empowerment, Social Empowerment, Impact assessment and Micro finance.*

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## Introduction

Gender discrimination, unequal access to resources and opportunities, violence, lack of basic services, women's trivial representation in politics and business, and the power imbalances that characterize personal relationships between men and women hamper the progress of not just women but of society at large. Because of this unequal treatment, women are still behind their partners and are still suffering and marginalizing from economical, social, political and other activities (Batliwal, 1994). From the early 1970s, women's movements in a number of countries identified credit as a

major constraint on women's ability to earn an income and became increasingly interested in the degree to which poverty-focused credit programmes and credit cooperatives were actually being used by women. SEWA in India, for example, set up credit programmes as part of a multi-pronged strategy for an organization of informal sector women workers. Since the 1970s, many women's organizations world-wide have included credit and savings, both as a way of increasing women's incomes and to bring women together to address wider gender issues.

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According to the World Bank (2007) report, in this third millennium more than one billion people live in the world below one dollar a day and 2.2 billion people below two dollar a day. The report of CARE (2005) also mentioned that among the 1.3 billion people who live in absolute poverty around the globe, 70 percent are women. The report also stated women work two-thirds of the world's working hours but they earn only 10 percent of the world's income, own less than 1 percent of the world's property, and make up two-thirds of the estimated 876 million adults worldwide who cannot read or write.

Improving the women's empowerment is one of the important way to reduce the poverty and also it is one of the major agenda mentioned by the Millennium Development Goal and put in the third goal "Promote gender equality and empower women" side by side to different policy measures like improving living condition, materiality problem and education (Mayoux,2000). For this reason the study analyzes the impact of women empowerment through micro finance, because Microfinance institutions have become an increasingly important component of strategies to alleviate poverty in the world.

### **Wondogenet Omo Micro Finance Institution (WOMFI)**

WOMFI (Share Company), with a mission: 'to take part and play important role in the struggle to alleviate poverty and bring about sustainable economic development in the region by providing financial services to the economically active but resource poor and stimulate individual initiatives for self reliance and food self-sufficiency', is established on 6<sup>th</sup> of 'Nehassie' 1989 E.C. and licensed by the National Bank of Ethiopia on October 1, 1997GC. In order to operate in the Southern National Nationality People Regions (SNNPRS) with its Head

Quarter in Hawassa. And, also, it has been registered with the Trade, Industry and Tourism Bureau of the region on November 23, 1997. Currently the institute serves more than 380,000 loan clients and 492,000 saving clients through 14 branch offices located in all zones of the region and 157 sub branch offices located in all Woredas and different city administrations on SNNPR region.

### **Functions of WOMFI**

According to the response from the officials and information gathered from different reports, it is found that the institution has been involving the following functional areas.

#### **a) Providing training for its clients**

Creating awareness of client on some policies and procedures of WOMFI, which are relevant to client, is extremely essential before moving further and making loans. Hence provision of relevant training is an essential component and such training provides background information to the clients so that they can decide whether to avail the loan or not. WOMFI provides 3-4 days training for its clients on the areas of:

1. The objectives of WOMFI credit and savings scheme
2. Different services available in the microfinance institution
3. Credit provision, saving mobilization
4. Operational procedures:
5. Selection of operational area, Establishment of loan Committee, Selection of Elders to conduct wealth ranking, Conducting social appraisal, Group and Center formation procedures and bylaw,
6. Loan processing policies and procedures-Collection of Socio-

economic Data, Loan application procedures, Loan approval procedures

7. Loan disbursement procedures, Saving mobilization, Supervision and Follow-up, Repayment and interest collection,
8. Penalty for failure to adhere to WOMFI policy and procedures and other related contractual agreements.
9. Use of discussion, local language as appropriate, appropriate terminology of the locality, encourage clients to forward their ideas, views and comments are some of the approaches WOMFI follows to provide training for its clients.

#### **b) Issuance of loan**

In the loan processing procedures the first step is always to compile socio-economic data of the clients. Such data serves as benchmark for future impact assessment and also serves as basis for loan appraisal.

For each member personal socio-economic data (PSED) has to be compiled carefully by avoiding hastiness. All Centre members fill out and sign loan application format to initiate the loan processing. Operation officer checks and signs loan request against the socio-economic data provided by client prior to loan application. WOMFI's sub branch manager makes the final approval decision of the requested loan by checking for the following:

1. Group and centre formation were properly carried out.
2. Socio economic data has been properly compiled.
3. The clients physically exist and requested loan.

4. Client selection, screening and training has been conducted properly.

Loans are disbursed only to the persons for whom loan has been approved disbursed in cash. Small investment and working capital loans are only approved by the branch managers after consultation of the operation department of the head office. No further loan disbursement is made unless all center members have fully settled their previous loans with interest.

#### **c) Follow-up of respondents & giving feedbacks**

Monitoring of the whole operation of WOMFI will be made through the following tools:

1. Sub branch manager/co-coordinator daily receives progress report from sub branch staff regarding:
2. Amounts of loan disbursed, amounts of loans and interest repaid, amounts of savings mobilized, Amounts of savings withdrawn, amounts of arrears collected (principal, interest & penalty), portfolio at risk, liquidity position, information on the businesses of clients.
3. Summary of the above information will be sent to the branch office every two week (written and/or telephone). Branches will then compile summary of similar reports and submit to head-office monthly. Management consolidates the report and submit quarterly to board of directors. In addition to written report head office makes supervision at branch and sub branch offices twice a year. Branch offices make supervision at sub branches at least quarterly. Sub-branch manager/coordinator should visit all centers in the sub branch at least every two months. Moreover, central operation review will be made twice a year at head

office involving all branch managers and sub branch managers/coordinators. Similar operational review has to be also carried at branch level with their sub branch managers/coordinators at least quarterly.

4. Women empowerment activities
5. Clients are increasing throughout the years due to unmet demand of the financial services. To empower the women, WOMFI is having the plan trying to increase 38 percent of the total current clients to 60 percent at the end of 2018, making it gender sensitive.
6. Awareness creation among women regarding microfinance activities in each kebele through its agents.
7. Arranging meeting through different local organizations like Edir, Equb and religious organizations
8. Identification and advise of profitable micro and small enterprises
9. Giving priority in loan provision
10. Providing technical training for starting ventures
11. Awareness creation for their husbands to cooperate with them
12. Encouraging voluntary savings
13. Providing valuable ideas regarding management of home affairs

#### e) Saving activities

WOMFI follows an open saving policy of accepting saving and deposit from borrowers, non-borrowers (both individuals and institutions). It provides passbook savings, fixed time deposits, compulsory savings (only for borrowers) and non-interest bearing deposit services. Each agricultural and micro business loan borrower saves 10 percent of the loan as group saving for first

cycle loans, 8 per cent for second cycle and 5 percent for third cycle and above. In addition all micro-loan borrowers make 5 Birr monthly compulsory individual saving. Compulsory savings (both group and individual) shall not be withdrawn prior to settlement of outstanding loans by all centre members. OMFI charges 1percent commission per month for non-interest bearing deposit it accepts. However, a minimum acceptable amount for such deposit shall not be below 5000. Minimum amount for time deposit is 5,000 and the minimum duration is three months. Minimum amount to open passbook saving is birr five in rural areas and is birr 10 for urban areas. OMFI charges birr four passbooks it issue to its clients. WOMFI pays 4 per cent interest on all compulsory and passbook savings per annum and could make adjustment depending on the deposit interest rate market. Interest rate for Fixed Time Deposit is 6 per cent although adjustment could be made with longer time frame through negotiation. Drawing from voluntary saving accounts above Birr 2000 requires prior notification of at least 5 working days. Withdrawal from saving account by other persons other than initial depositor could be possible only up on presentation of legal document revealing the right to inherit. Interests are capitalized twice a year at the end of November and May.

#### f) Awareness creation about micro finance for both members and non members

WOMFI uses different methods to create awareness for non members. Among these community mobilization using its extension agents, community gatherings in churches, Edir, Equb, etc

#### Review of Literature

Microfinance is one of the strategies to alleviate poverty and improve the empowerment of women. They provide

credit and conducting many programmes about women empowerment. Hence, knowledge about the achievements of such programs is important. Therefore, impact assessment studies are essential to evaluate the success of the program or to see whether the program brings the desired benefits to the target groups or not.

**Wright et. al, (1999)** carried out a study by using qualitative tool on empowerment and the results from the client empowerment qualitative tool show that clients have increased self esteem since joining the program, with 54 of 60 reporting increased self esteem and 60 of 60 reported feeling better about themselves and their achievements. About 71% of mature male and 66% of mature female clients have gained self confidence due to the successful repayment of a loan during the last 5 years. Many of them said that their interaction in group meetings helped them make good business decisions.

A study on 'Impact Assessment of the Microfinance Programme in Amhara Region of Ethiopia' by **Getaneh Gobezie** and Carter Garber reveals that three decision-making strategies were clearly evident – decisions were made by themselves in the female headed families with dependent children, in consultation with the spouses, or in consultation with their grown children. Although decision making roles among these women are very different, today they are happier with their decisions and have proven to their families that their decisions work. Their families rely on them and support their decisions. These women have not only decided to improve their lives by engaging in income generation activities but have also decided to invest in the future by making sure their children are educated and employable. The Client Empowerment interview also found that clients gained confidence in deciding to purchase assets

(clothes, jewelry, etc) without feeling the need to seek permission. They participated in decisions about children's' education and marriage, house and household assets etc. Today they can envision a secure future for their children and have decided to attain it. Moreover, many interviewees had either worked as tenants or rented out their lands because they had no resources to cultivate the land. But things have changed as clients have taken loans from ACSI to cultivate their own land.

A study on the impact of microfinance on poverty alleviation in East Africa, conducted by the UNDP Micro Save-Africa programme, found that participation in a microfinance institution "typically strengthens the position of the woman in her family. Not only does access to credit give the woman the opportunity to make a larger contribution to the family business, but she can also deploy it to assist the husband's business and act as the family's banker - all of which increase her prestige and influence within the household." (Source: Wright and others, *Vulnerability, Risks, Assets and Empowerment: the Impact of Microfinance on Poverty Alleviation*, March 1999.)

**Retta (2000)** also reported a positive impact of micro finance on the living conditions of fuel wood carriers (WFCs), thereby enhancing their economic empowerment. This was reflected in the rise of their income, expenditure and in their shift to other alternative income generating activities after the loan rather than engaging in fuel wood collecting, carrying and selling activity.

**Hulme (2000)** noted that impact assessment studies have become increasingly popular with donor agencies, and in consequence, have become an increasingly significant activity for recipient agencies. There are two major schools of thought that

are popular in micro finance impact assessment such as ‘intermediary’ and ‘intended beneficiary’ schools, based on their focus of impact. The intermediary school focuses purely on changes in the MFI and its operations. Two key variables are focused on in this approach: institutional outreach and institutional sustainability. If both outreach and sustainability have been enhanced then the intervention is judged to have a beneficial impact as it has widened the financial market in a sustainable fashion. Another approach put forward by researchers as a solution is comparing the borrowers’ livelihood before and after taking loan. Such an approach has been suggested by Fidler

and Webster (1996). Again as with the above methodologies this approach has its limitations like respondents not giving accurate information of loan use if they actually diverted their loan, difficulty in knowing whether an increase in income is due to the credit or not, etc.

Therefore, impact analysis for any credit program is essential to evaluate the success of the program or to see whether the program brings the desired benefits to the target groups. In recent years impact assessment has become an increasingly important aspect of development activity as agencies, and particularly aid donors, have sought to ensure that funds are well spent.

### Conceptual Framework

Independent variables	Intervention	Dependent variable
<b>Socio-Demographic variables</b> <ul style="list-style-type: none"> <li>• Age</li> <li>• Education</li> <li>• Marital status</li> <li>• Family size</li> <li>• Social participation</li> <li>• Mass media exposure</li> <li>• Household decision making</li> <li>• Household decision making</li> </ul>	Micro Finance	Women Social and Economic Empowerment
<b>Economic variables:</b> <ul style="list-style-type: none"> <li>• Employment</li> <li>• Income</li> <li>• Savings</li> <li>• Assets</li> <li>• Amount of money borrowed</li> </ul>		
<b>MFI Indicators:</b> <ul style="list-style-type: none"> <li>• Length of membership</li> <li>• Number of times loan availed</li> <li>• Proportion of borrowings from MFI</li> <li>• Participation in MFI</li> <li>• Training attended</li> </ul>		

Table 1 Economic and Social Empowerment of Women Variable Relationships

### Statement of the Problem

Women constitute half of the population in this world. But women have been suffering from discrimination and unequal treatment for centuries of in all dimensions. The discrimination and marginalization of women make them poor in many ways that is from economical, political and socio-cultural and psychological deprivation. This fact is supported by UNDP's (1995) report found that, among the 1.3 billion people living in absolute poverty or below one dollar per day of the world 70% are women.

Since the fall of Derge regime, the current Ethiopian government is trying to address the multi dimension women's problems taking different special considerations like the application of "affirmative action" and other policy that favored women. Similar to the government, NGOs and other civil societies, are also contributing in various activities that helps to solve the existing problems. Microfinance is one among the other interventions made to address the life of the poor women in SNNPR as well as in Ethiopia. But still the exploitation and discrimination of women is prevalent and the contribution of women in development of our region is not as expected. And the problems of women still exist. Therefore, this study has been carried out to understand whether the women are empowered in Wondo Genet Woreda through micro-finance obtained from Wondo Genet Omo Micro Finance Institution.

Where: Y= Empowerment of women  
 $x_8$ = Occupation

a= Intercept (Constant)  
 $x_9$ = Income

$b_1$  to  $b_{11}$ = Regression coefficient  
 $x_{10}$ = Saving

### Objectives of the Study

1. To study the economic contributions of selected MFI towards empowerment of women.
2. To assess the status of Women Social Empowerment through MFI

### Null Hypothesis

1. WOMFI have not contributed for economic empowerment of women members.
2. WOMFI have not contributed for social empowerment of women members.

### Regression Model Specification

Multiple linear regression analysis was used to identify the relative importance of various factors which influence women empowerment. As there are several factors which contribute to the empowerment of the women, the linear regression is considered to be the most appropriate statistical tool to assess the influence of independent variables on dependent variable. The level of empowerment of the respondents is taken to be the dependent variable and independent variables. The joint effect of the group of independent variables on the Level of empowerment of the respondents is studied by framing the multiple linear regression equation of the dependent variable "Y" on the other independent variables, following formula has been used.

$x_1$ = Age (in years)

$x_{11}$ =Assets

$x_2$  = Education ( number of years)

$x_{12}$ =Amount of money

borrowed

$x_3$ = Marital status

$x_{13}$ =Length of member ship

$x_4$ = Family size(number of family)  
 $x_{14}$ =Number of time loan  
 availed

$x_5$ =Social participation  
 $x_{15}$ =Proportion of borrowing

$x_6$ =Mass media exposure  
 $x_{16}$ =Participation in MIF

$x_7$ =House hold decision making  
 $x_{17}$ =Training attended

**Research Design**

Wondo Genet woreda has been selected as a research site in order to explore the empowerment of women who have availed loan from Micro Finance Institution. This woreda consists of fourteen kebeles and WGMF is operating in only four kebeles namely Wosha soyama, Kela 01, Choko and Aruma. Wondogenet woreda is one of the 21 woredas found in Sidama zone which is located 23Km of Southern Nations Nationalities and Peoples Regional (SNNPR) state capital of Hawassa. There are 13 rural kebeles and 1 town kebele, Wondo Chuko the capital of Woreda.

For the purpose this study Wondo Genet Omo Microfinance Institution has been selected purposively since this is the only institution operating in this Woreda and providing micro finance services to the rural women. As of now, there are 160 women members involved in the activities of WMFI, out of which 120 women

members were selected by using simple random sampling technique.

**Results and Discussion**

To address the objectives of the study relevant data were collected, coded and entered in the SPSS package. The analysis of economic level of respondent is done using descriptive analysis and multiple liner regression to assess the impact on economic and social empowerment of women respondents.

**Employment creation**

One of the objectives of establishing microfinance in general and micro-credit in particular is to create employment to women and as a result of this empowering them. Like women found in developing world, women found SNNPR are dependent on their husband and do not have independent business which they can operate. To see the effect of micro-finance in the study area they were asked about employment creation before and after loan almost all except three did not have any business activity before the intervention. But this also reduced after loan that means all of them got an opportunity of employment after the intervention. The analysis result also shows that 98.5 percent of employment increase of employment opportunity for the sample borrowers of MFI.

Employment status	Pre-loan	Post- loan	Percent of increase/decrease
Not employed	117	0	0
Employed	03	120	98.5
<b>Total</b>	<b>120</b>	<b>120</b>	

Source: Primary data-2012  
 Table 2. Employment creation

**Starting New Business and Profit**

It is not only enough that the micro finance supported the clients in creation of



new ventures but if they are able to run the ventures in a profitable manner, it shows that the objective of the microfinance will be fulfilled. Hence it is essential to analyze whether the ventures established by the sample respondents have generated their business profit before intervention of the venture. A close observation from the table 3 indicates before the intervention of micro finance, only three respondents have earned the monthly profit between 100-1000 Birr.

But after they availed the loan and start the ventures, additionally 87 respondents have also earned monthly profit between 100-1000 Birr. Moreover 15 and 10 respondents earned a monthly profit of Birr 1000 to 2000 and Birr 2000 to 3000 respectively. Other five women could earn more than 3000 Birr per month. This shows that due to the intervention of the WOMFI, the sample women have an opportunity to improve their profit in their own ventures.

Profit of business	Pre-loan	Post-loan	Percent of increase/decrease
Belo 100-1000	03	90	83.0
1000-2000	00	15	100
2000-3000	00	10	100
3000 – 4000	00	04	100
Above 4000	00	01	100

Source: Primary data-2012

Table.3. Change in Monthly Business Profit

### Asset Particulars

Positive outcome of a given profitable venture is demonstrated through assets accumulated by the borrowers. Asset may be classified in to two forms. One is non-productive type of asset. This is the kind of asset that holds monetary value but not used to produce other income. The second

type of asset is productive one which is the kind of asset used to generate another asset. The role of WOMFI in this respect has also been examined. Results obtained from participants of the study on asset accumulation are presented in the table 4 to 5.

House own	Pre-loan	Post-loan	Percent of increase/decrease
Leased house	33	32	-3.1
Own house	87	89	2.4
<b>Total</b>	<b>120</b>	<b>120</b>	

Source: Primary data-2012

Table.4. House owned position

The importance of adequate housing is not only a symbol for social well-being of citizens but also for economic progress of the country. It can be seen from the table 4 that there is not much change has been noticed in terms of house asset holding. Only two

women have moved to their own house after the loan intervention. It is not insignificant because construction of house needs a huge amount of cost which may be able to obtain from their small investment in business. Moreover even though they are earned good

profit from their business, if the dependents are more in their family that profit may be sufficient for meeting the family expenditure in addition to repaying the loan amount with interest.

Nature of Livestock	Pre-loan	Post- loan	Percent of increase/decrease
Cow	15	21	28.7
Sheep	0	02	100
Horse	0	05	100
Donkey	0	07	100
Hen	0	03	100
<b>Total</b>	<b>15</b>	<b>38</b>	

Source: Primary data-2012

Table.5.Livestock Particular

Livestock are considered as an asset as well as the source of income for the rural farmers and also it serves as a coping mechanism during the shock among farmers in Ethiopia. Hence if the borrowers are able to generate assets in the form of livestock, it will help them during the emergency period to cope up with the situation and also they can use them as collateral for getting loan and repay the loan amount. More over they generate additional income from such livestock. A cursory look in to the table 5 shows that 23 women borrowers has generated livestock assets after borrowing from the WOMFI and out of them six have cow, seven have donkeys and others have horse, sheep and chicken etc.

#### Overall household monthly Income

For the question provided in relation to monthly household's overall income in

comparison to prior to loan, 25 women had the monthly income of below Birr 200 to 2000. But after the loan 61 sample women have got monthly income of below Birr 2000. In the same way only one women had monthly income between Birr 2000-4000 prior to loan. But after taking loan and invested for different purpose, 47 sample women has increased the income up to Birr 4000. Remaining 12 women could improve above Birr 4000 up to 8000. The reasons mentioned by the respondents for increasing greatly are because of the women involvement in credit and the other getting remittance from their family from abroad. It is pertinent to note that few members have taken loan from the institution and used it for visa processing to send their children to abroad and they are earning income so that their monthly income has been increased.

Monthly Income	Pre-loan	Post- loan	Percent of increase/decrease
below2000	25	61	59.0
2000- 4000	01	47	97.9
4000 - 6000	00	04	100
Above 6000	00	08	100
<b>Total</b>	<b>26</b>	<b>120</b>	

Source: Primary data-2012

Table.6.Monthly Income

### Change of Saving

Saving can be considered as liquid asset for the people which can be useful for different purposes. Improvement in saving habit and nature of saving also an indicator for the well functioning of the MFI as well as it will pave the road for empowerment of clients especially women in the study area.

Saving will help them in using that amount for investing further and the profit of the venture can also be improved. As discussed in the first section of this chapter, tremendous change has been observed from the clients of WOMFI in terms of voluntary and compulsory saving.

Monthly Saving	Pre-loan	Post- loan	Percent of increase/decrease
Below1000	26	108	75.9
1000- 2000	00	08	100
2000 – 3000	00	02	100
3000 – 4000	00	02	100
above5000	00	02	100
<b>Total</b>	<b>26</b>	<b>120</b>	

Source: Primary data-2012  
Table.7.Monthly saving

have an impact on their economic empowerment.

### Change of Food habit

It is interesting to see from the survey results that before the intervention of WOMFI; only 26 sample women had the habit of saving. But after intervention all the respondents started their saving. Even amount-wise analysis shows that, most of them having the saving of below Birr 1000 and eight women saved an amount Birr 1000 and 2000. Remaining six respondents could save above Birr 2000. This is a good impact due to the loan availed by the borrowers which will

Economic empowerment can also to be assessed by means of their food habit in terms of quantity and quality. Normally in rural areas people may not have sufficient food for three times due to their economic weakness. If they improve their income status, obviously they could also improve their food habit. In this background data was collected from the respondents regarding their food habit and responses are consolidated in table 8.

Frequency of food intake	Pre- loan	Post – loan	Percentage change
Adequate	00	120	100
In adequate	120	00	00
<b>Total</b>	<b>120</b>	<b>120</b>	
Quality of food	Pre- loan	Post – loan	Percentage change
Less quality	58	00	00
Moderate Quality	62	04	-
Good quality	00	116	100
<b>Total</b>	<b>120</b>	<b>120</b>	

Source: Primary data-2012  
Table.8.Food habits

A keen observation from the above table, all the sample women who are the clients of the WOMFI reported positively they had not sufficient food before taking loan but after they availed the loan they could satisfy them and their family members by providing sufficient food. Also it is pertinent to note that they could also improve the nutritional level of the food. Since it is difficult to measure the exact nutritional level of intake, the question was framed regarding the quality of the food so that the respondents can easily understand the nature of the question and can give the appropriate answer. A close scrutiny of the table 8 also bring the facts in to the light that almost all the women reported that they had either low or moderate quality but after the intervention of micro finance activities, all of them could improve the quality of the food. This is also a positive sign of the impact of micro finance intervention which is an indicator of economic empowerment.

#### **Descriptive Analysis of Empowerment Related To Household Decision Making and Control over Economic Resources**

Empowerment measured through different measurement variables like employment creation and income generation, socio-psychological situations (self confidence and social position), control over economic resources at the household level and above all decision making and participation. So in this part decision related question provided to the respondents and the result is stated below.

#### **Decision making on health care of women**

In normal situation in Ethiopia if women are dependent of their family or her husband without any earning, she cannot take her own decision regarding her medication. Hence an attempt has been made to the position of the clients of WOMFI before and after the loan intervention. For the question provided in relation to decisions concerning to health care of women, in the pre-loan, only 23 respondents replied that it was done by the women alone. Four of the respondents answered that decisions were made mostly by the women and another 16 women said that it was done jointly by the husband and the woman.

Majority (68) respondents stated the decision concerning their health was determined mostly by the husband only due to their economic weakness. But after starting taking credit from WOMFI there was a change in the women's participation. As it can see from the table 9, decision was made by the husband alone reduced from 68 to only 2. Similarly decisions made by them alone increased from 23 to 71. This indicate that women taking credit shows increasing in the decision making capacity of her health aspect. Hence it is inferred that micro finance play a vital role in empowering the women in taking care of their health aspect by providing opportunity to improve their economic status so that they can be free from the control of women in home itself.

<b>Deciding responsibility</b>	<b>Pre- loan</b>	<b>Post - loan</b>	<b>Percent of Increase/Decrease</b>
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Myself alone	23	71	67.6.2
Mostly Myself	04	29	86.2
Jointly- Myself & my husband	16	18	11.1
Mostly my husband	68	02	-33.0
My husband alone	09	0	0
<b>Total</b>	<b>120</b>	<b>120</b>	

Source: Primary Data-2012

Table.9.Decision making on health care

### Decision making on selection of Crops

Decision making on selection of crop for cultivation also considered as an indicator of empowerment. It is observed from the table 10, decision making on crop selection during the pre-loan, only one respondent has taken by the

women alone. Another 2 of the respondents reported that decision on crop selection for cultivation was done jointly by both husband and herself and other majority of the landholders responded that decision was taken by their husbands only.

Deciding responsibility	Pre - loan	Post - loan	Percent of Increase/Decrease
Myself alone	01	01	00
Mostly Myself	01	01	00
Jointly- Myself & my husband	02	15	86.7
Mostly my husband	17	13	-30.8
My husband alone	11	02	81.8
Other/No land	88	88	-

Source: Primary data-2012

Table.10.Decision making on crops selection

But after starting taking credit from WOMFI there was a change in the women's participation. As we can observe from the same table, decision taken by their husband alone has been drastically reduced and the joint decision has been improved. So women taking credit shows increasing in the decision making capabilities which is the symptom of empowerment.

### Decision making on buying household items

It is pertinent to see the responsibility given to the women in the home management including purchasing their household items such as food for consumption, animal feed, dress for themselves as well as their children and home appliance etc. It is heartening to observing from the table 4.26 shows that the decision making by their husbands has considerably reduced but joint decision and independent decision has increased to 66.7percent and 96.6 percent respectively.

<b>Deciding responsibility</b>	<b>Pre - loan</b>	<b>Post - loan</b>	<b>Percent of Increase/Decrease</b>
Myself alone	23	47	51.0
Mostly Myself	01	29	96.6
Jointly- Myself & my husband	12	36	66.7
Mostly my husband	62	08	87.09
My husband alone	22	0	-
<b>Total</b>	<b>120</b>	<b>120</b>	

Source: Primary Data-2012

Table.11. Decision making on buying items

### **Impact of WOMFI on Economic and Social Empowerment Of Women**

Wondogenet Omo micro finance institution renders financial and non-financial support to the members for the purpose of undertaking business and non-business activities like, small business, home construction, education, etc. In this part an attempt has been made to assess the impact of micro finance institution in terms of economic and social empowerment of women members.

#### **Impact of WOMFI on Economic Empowerment of Women**

Women's access to savings and credit gives them a greater economic role in decision-making through their decision about savings and credit. When women control decisions regarding credit and savings, they will optimize their own and the household's welfare. The investment in women's economic activities will improve employment opportunities for women and thus have a 'trickle down and out' effect. The impact of WOGMFI on Economic empowerment of women has been assessed in terms of demographic variables, social variables, economic variables and MFI indicators of women members is analyzed in this part.

#### **Impact of WOMFI on Social Empowerment of Women**

A combination of women's increased economic activity and control over income resulting from access to micro-finance with improved women's skills, mobility, and access to knowledge and support networks. Status within the community is also enhanced. These changes are reinforced by group formation, leading to wider movements for social change. The financial self-sustainability paradigm and the poverty alleviation paradigm assume that social and political empowerment will occur without specific interventions to change gender relations at the household, community or macro-levels. By contrast, the feminist empowerment paradigm advocates explicit strategies for supporting women's ability to protect their individual and collective gender interests at the household, community and macro-levels. The impact of WOMFI on social empowerment of women has been assessed in terms of demographic variables, social variables, economic variables and MFI indicators of women members is analyzed in this part.

#### **Results of Multiple Regression Analysis**

To analyze the impact of WOMFI on economic and social empowerment of women multiple linear regression model was used. Multiple Linear Regression is a descriptive statistical technique that predicts someone's score on one variable (Dependent Variable) on the basis of their scores on several other variables (Independent

variables). This study analyzed the WOMFI influence on empowerment of the sample respondents. For this purpose the respondents were asked to give their response on a Likert Five point scale: Strongly Agree (score 5), Agree (score 4), Neither Agree nor Disagree (score 3), Disagree (score 2), and Strongly Disagree (score 1). The total score has been taken into consideration for the purpose of regression

analysis (Dependent variable). Respondents' age, education, marital status, family size, social participation, mass media exposure, household decision making, employment, annual income, savings, assets, amount of loan, length of membership, number of times loan availed, proportion of borrowing from WOMFI, participation in WOMFI and training attended were independent variables.

### Testing of Null Hypothesis

“WOMFI have not contributed for social empowerment of women members.”

“WOMFI have not contributed for economic empowerment of women members”.

Sl. No	Independent Variables	Economic Empowerment	Social Empowerment
<b>Socio-Demographic variables:</b>			
1.	Age	1.545	2.002**
2.	Family size	-0.634	0.125
3.	Marital status	-1.845	1.091
4.	Education	5.279*	3.501*
5.	Social participation	1.231	2.119**
6.	Mass media exposure	1.977**	2.009**
7.	Household decision making	1.124	1.856**
<b>Economic variables:</b>			
8.	Employment	2.788*	3.011*
9.	Income	2.978*	1.977**
10.	Savings	1.842	0.457
11.	Assets	2.251**	1.651
12.	Amount of money borrowed	0.521	1.124
<b>MFI Indicators:</b>			
13.	Length of membership	2.514*	3.089*
14.	Number of times loan availed	1.561	-0.622
15.	Proportion of borrowings from MFI	1.987**	0.588
16.	Participation in MFI	2.011**	1.991**
17.	Training attended	2.319**	2.054**
	Constant	19.016	21.778
	<b>R2</b>	<b>0.518</b>	<b>0.439</b>
	<b>N</b>	<b>120</b>	<b>120</b>

Source: Primary Data-2012

\* Significant at 1 percent level

\*\* Significant at 5 percent level.

Table.1. Multiple Linear Regressions - Impact of WGMFI on Economic and Social Empowerment of Women

The results of multiple linear regression analysis shows that independent variables such as age, family size, marital status, social participation, household decision making, savings, amount of money borrowed and number of times loan availed do not influence on the economic empowerment of WOMFI women members. However, other independent variables such as education, mass media exposure, employment, income, assets, length of membership, proportion of borrowing from WOMFI, participation of WOMFI and training attended exert significant influence on the economic empowerment of WOMFI women members. Thus it may be inferred that socio-demographic variable - education and mass media exposure; economic variables - employment, income and assets; and WOMFI indicators such as length of membership, proportion of borrowing from WOMFI, participation of WOMFI and training attended do have positive impact on the economic empowerment of WOMFI women members. The influence of independent variables over dependent variable is explained by 51.8 percent ( $R^2$  0.518). Therefore, an increase in the degree of above mentioned independent variables led to increase in the level of economic empowerment. Hence, the null hypothesis is rejected, therefore it is recommended to formulate alternative hypothesis.

**Alternative Hypothesis:** “WOMFI have contributed for Economic Empowerment of Women members”.

Therefore the result MLR revealed that OM has contributed for Economic empowerment of women in the study area. Whereas, variables such as, family size, marital status, savings, assets, amount of money borrowed, number of times loan availed and proportion of borrowings from

WOMFI do not influence on the social empowerment of WOMFI women members. However, independent variables such as age, education, social participation, mass media exposure, household decision making, employment, income, length of membership, participation of WOMFI and training attended exert significant influence on the social empowerment of WOMFI women members. Thus it may be concluded that socio-demographic variables - age, education, social participation, mass media exposure and household decision making; economic variables - employment and income; and MFI indicators such as, length of membership, participation of WOMFI and training attended do have positive impact on the social empowerment of WOMFI women members. The influence of independent variables over dependent variable is explained by 43.9 percent ( $R^2$  0.439). Therefore, an increase in the degree of above mentioned independent variables led to increase in the level of social empowerment of women members. Hence, the null hypothesis is rejected, therefore it is recommended to formulate alternative hypothesis.

**Alternative Hypothesis:** “WOMFI have contributed for Social Empowerment of Women members”.

Therefore the result MLR revealed that OM has contributed for Social Empowerment of women in the study area.

### Major Findings

Summary or results from the discussion and analysis part.

1. The WOMFI is engaging in different functions such as provision of training to their clients, loan disbursement, mobilizing savings,



- monitoring and creating awareness among the public and women empowerment activities.
2. Regarding to employment creation almost 98.5 percent did not have any business activity before the intervention but all of them have got business opportunity after intervention.
  3. Regarding asset particular two women clients could construct new houses and 18 could generate livestock such as cow, donkey, sheep and goat etc.
  4. Monthly income has increased from Birr 2000 and above for 59 women out of 120 took loan from MFI. Saving habit also increased from 26 to all the women clients after microfinance
  5. Almost all the sample women clients experienced in terms of improved food habit after availed the loan from MFI
  6. Different literatures described that there is no common measurement of empowerment. But it is measured through proxy measurement variables like participation and decision making. This study also attempts to see decision making made before and after the intervention. Most of the decisions after the intervention has been made jointly and mostly by the women. Or there is reduction of decisions made mostly and alone by the partner after the intervention respectively.
  7. Besides to the descriptive statistics used, by employing simple

regression analysis among the seventeen variables that hypothesized to affect the economic and social empowerment of the women after the post loan, only nine variables found significant that affect positively. These are education and mass media exposure; economic variables - employment, income and assets; and WOMFI indicators such as length of membership, proportion of borrowing from WOMFI, participation of WOMFI and training. While the remaining variables found insignificant.

### Conclusion

The study has brought out significant empirical evidences that WOMFI has contributed to social and economic empowerment of women in the study area. Women are found to be empowered socially and economically through the contributions of MFI. The demographic, socio economic variables coupled with association of women in MFI exerted greater degree of influence on the social and economic empowerment of women. Women are found to be deriving an array of hope and self confidence through active participation in the affairs of MFI. And also, WOMFI have contributed significantly to employment creation and income generation among women in the study area. The resultant outcome of the contributions of WOMFI in terms of saving and credit led women to make decision pertaining to household matters independently. Thus the contributions of WOMFI in terms of social and economic empowerment of women are omnipresent and appear forefront.

### Recommendations

Based on the findings and conclusions drawn, the following recommendations are put forward.

1. Promote women's knowledge and position by providing access to information, education, business training, literacy training, balancing family and business responsibilities and on other social issues.
2. Establish frequent follow-ups by loan operators of group and center members.
3. Promote education: since education is found statically significant for increasing their income, it should also be expanded.
4. WOMFI should increase the amount of money lend to its customers since

women who borrowed more money found increasing income in the after loan.

5. Government needs to take appropriate steps in provision of physical facilities to the MFIs.
6. The micro finance institution needs to find ways and means to mobilize adequate loanable from different sources to fulfill the demand of the clients.
7. Sufficient human resources are to be deployed to make the delivery system effective by providing required skill training.
8. Exploring the profitable ventures in the area of operation by the MFI is a vital to increase the viability of the ventures.

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