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ASSESSMENT OF CAUSE FOR WOMEN'S PARTICIPATIONS IN MICRO-FINANCE ACTIVATES CASE OF JIMMA TOWN OROMIA ETHIOPIA

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Eyerusalem Daniel Yadessa ^a, Workineh Bayisa Jima ^σ & Geremew Muleta Akessa ^p

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Keywords: women's participations, micro-finance activates.

I. INTRODUCTION

The 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 micro-finance law in 1996, which has emphasized the importance of micro-finance service. Following these provision 23% micro-finance institutions has been established. (CSA, 1994).

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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).

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

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

The main purpose of this study were to identify major cause for women's participations in micro-finance activates and how the participations in micro-finance

affects the life of the poor women with particular reference in Jimma town.

a) Specifically

To identify the major institutional and socio-economic factors that affect participation of women's in MF.

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

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

II. LITERATURE REVIEW

a) Women's Role in the Economy

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

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

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

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

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

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

b) Women and Micro-finance

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

In spite of these, for women and especially for poor women, micro-enterprise ownership has emerged

as strategy for economic survival. One of the most essential factors contributing to success in micro-entrepreneurship is access to capital and financial services. Regarding limited access to financial services, women depend largely on their own limited cash resources 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 in expensive row material. In general, women need access to small loans (especially for working capital), innovative forms of collateral frequent repayment schedule more appropriate to the cash flows of their enterprises, simpler application produces and improved access to saving accounts (Dig nard and Jose, 1995).

c) Micro-finance And Poverty Reduction

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

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

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)

e) Development of Micro-Finance in Ethiopia

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

This program was implemented jointly with development bank of Ethiopia. And the bureaus of trade

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).

III. 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.

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.

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.

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. 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.

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

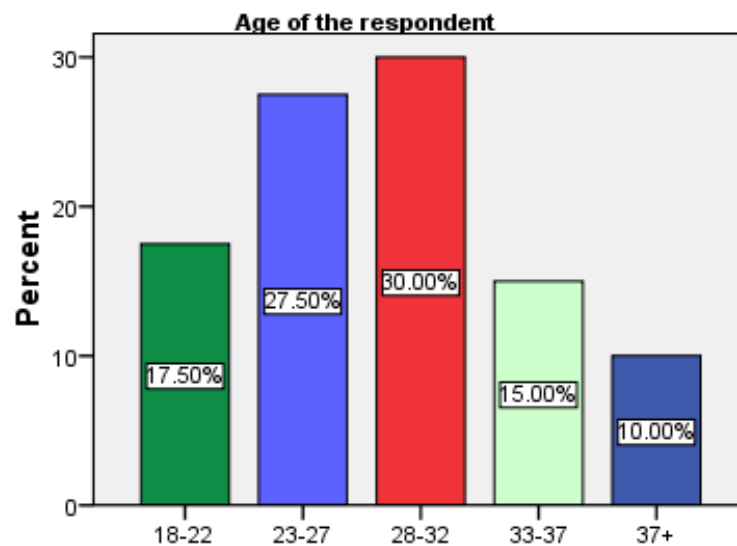


Figure 4.1 : Age category of respondent

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

We grouped each client's age starting from 18 and above that. Because the person who takes a loan should have to be independent of any other body. In addition to this they must be responsible for all action they performs regarding with each micro-finance institutions.

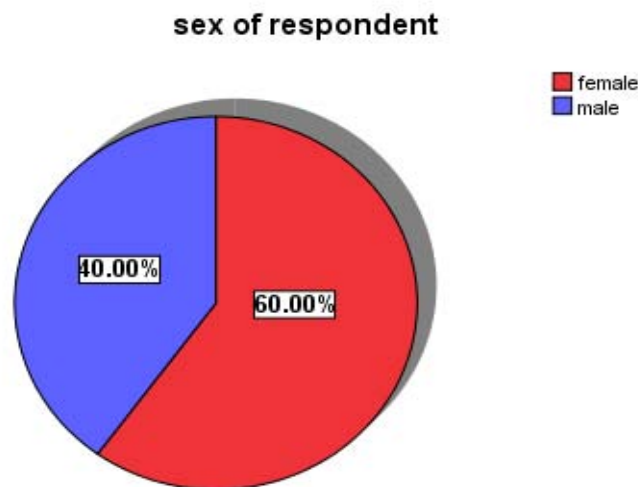


Figure 4.2 : Pie chart plot of sex of respondent

From the above pie chart plot of sex of respondent we observe that the majority of respondents are female. A male respondent takes the second place. When expressed in percent about 60.0% of respondents are female and male consists of 40.0%. The reason why woman's stands first is that MFIS initiates mainly women to participate.

Table 4.1 : Frequency table of religion of respondent

		Frequency	Percent	Cumulative Percent
religion of respondent	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	

As shown in the above frequency table most of respondents in MFIS are orthodox 14(35.0%).

Following this, protestant, Muslim and catholic are 13(32.5%), 10(25.0%) and 3(7.5%) respectively.

Even though orthodox is the dominant, the MFIS give equal opportunity to all religion.

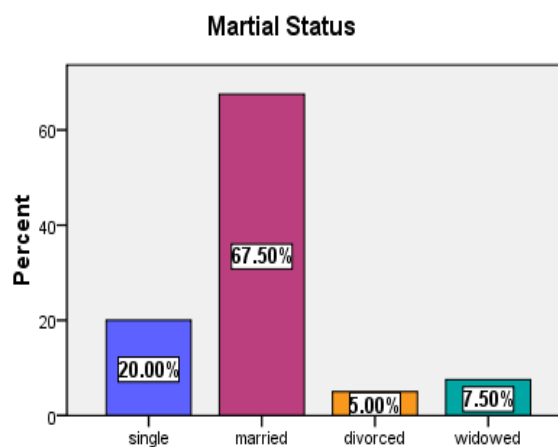


Figure 4.3 : Bar chart of marital status of participant

The bar graph shows the marital status of respondents. According to this graph the married has the highest percent (67.5%), and then Single, Widowed and Divorced are follows (20.0%), 7.5% and (5.0%) respectively. Here the number of married participants is

high since their family size is larger as compared to the other. This refers that they need additional support as well as much capital in order to improve their living standard.

Table 4.2 : Literacy status of the respondents

literacy status		Frequency	Percent
	Illiterate	2	5.0
	Read and write only	5	12.5
	1-6grade	3	7.5
	7-12grade	10	25.0
	Collage certificate	17	42.5
	bachelor's degree and above	3	7.5
	Total	40	100.0

From the above Table collage certificate respondents occupied the first rank (42.5%), about (25.0%) of respondents are 7-12 grade, (7.5%) are bachelor degree and above and (7.5%) are those who are 1-6 grade and the least are (5.0%) participants are illiterate. From this we can conclude that the persons who are illiterate have no confidence to take loan from MFIS.

Factor affecting the participation of women in MFIS

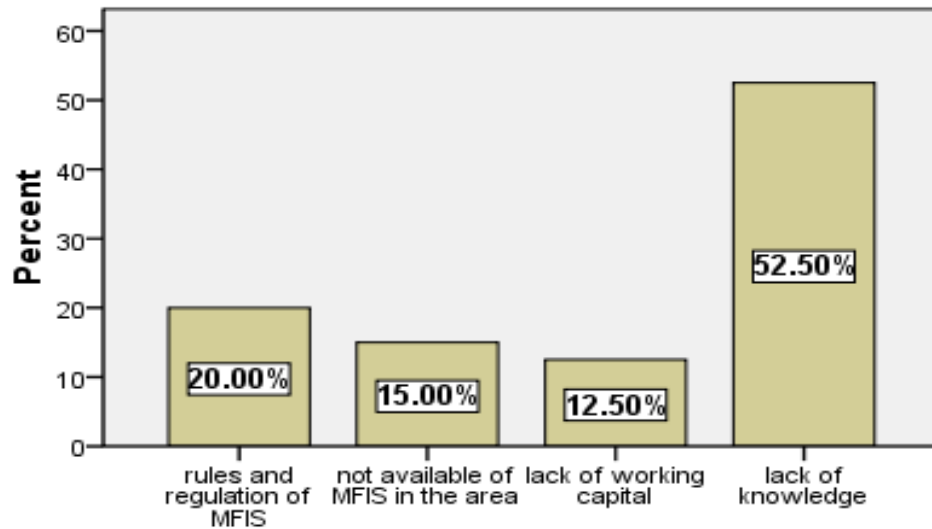


Figure 4.5 : Factors affecting the women participation in MFIs

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

Hence the most percentage indicates the lack of knowledge because managing many needs a good knowledge.

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

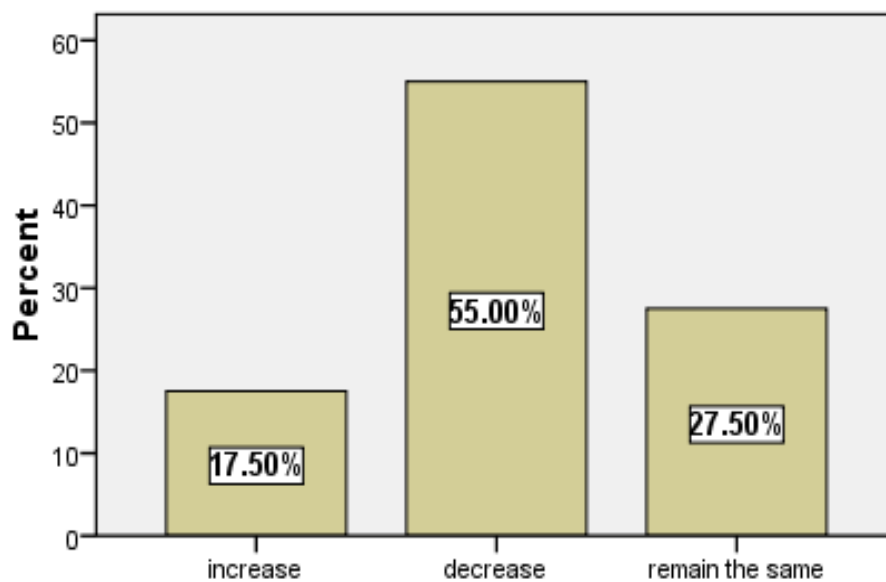


Figure 4.6 : The consequence of low level of loan profit on the number of women

From the above bar chart we observe that as amount loan provided decrease, the number of women participant decreases more. To specify this about 55.0% of them are those who are decreases in number and

27.5% of the others are remain the same. Even though this is the case, about 17.5% of participants are increases.

Table 4.2 : The way of increasing the women participation in MFIS

women participation		Frequency	Percent
	Educating women about the usefulness of MFIS	21	52.5
	increasing the number of MFIS in the area	10	25.0
	preparing the conformable working place for them	9	22.5
	Total	40	100.0

As you notice from the above table, the best and the appropriate method to increase women participation is,. Educating women about the usefulness of MFIS And about 52.5% respondents support this method. And then increasing the number of MFIS in the

area is the second most important method of increasing the women participation which is 25.0%. Preparing comfortable work place for women is the last alternative means of increasing the women participations that is about 22.5% of the respondents.

The infulence of religion on women

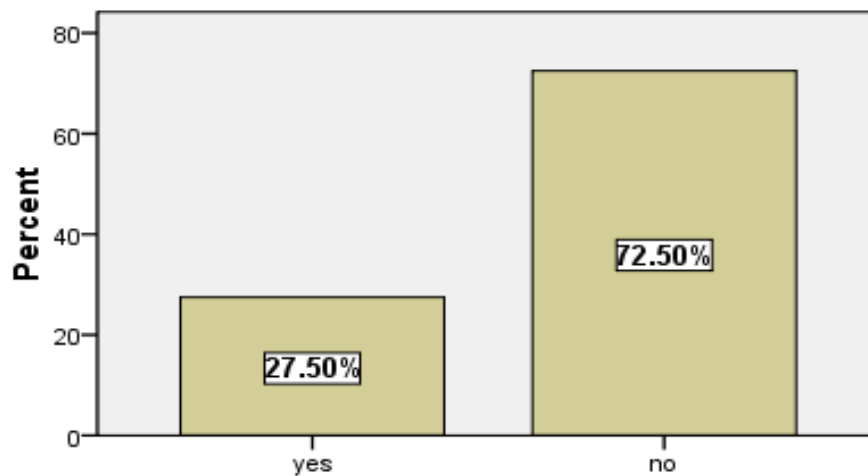


Figure 4.7 : The influence of religion on women

From the above bar charts about 72.5% of participants' responds that there is no religion influence on women to take part in the institutions and the rest for 27.5% of the participant replies that there is an influence of religion on women participation. Hence most participants are not influenced by religion to take part in the institutions.

the loan amount you take from MFIS

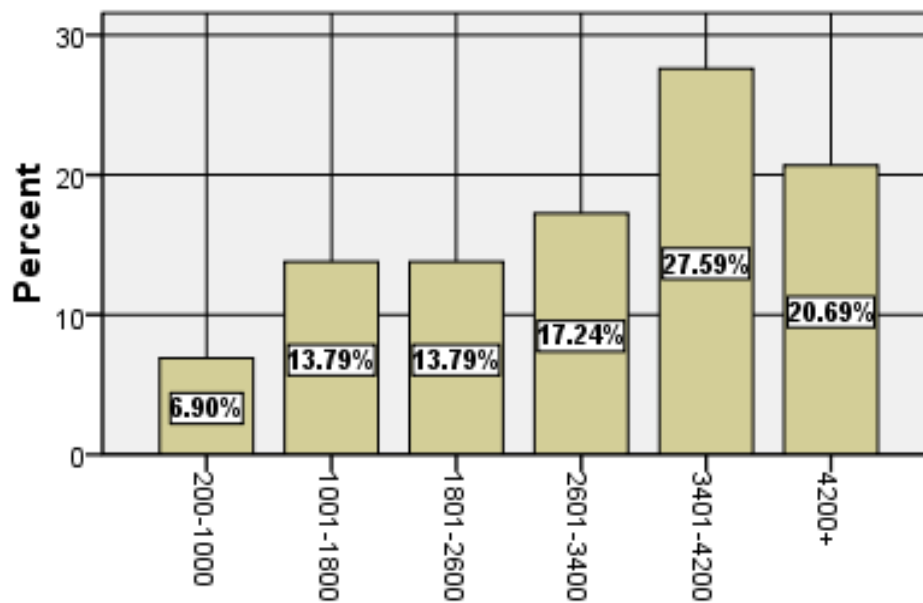


Figure 4.8 : The loan amount each participant (client) takes from MFIS

As it can be seen from the figure 4.8, 13.79% of the participants take 1801-2600 birr loan amount from MFIS, where as 17.24% of those who take 2601-3400 birr loan amount. On the other hand 27.59% of participants take 3401-4200 birr, about 13.79% of the participants are those who take 1001-1800 birr loan from MFIS. In addition to this, about 6.9%, 20.69% of the participants are those who take loan between 200-1000 and above 4200 birr loan amount from MFIS, respectively.

Generally, the above result shows that the majority of participants take loan amount between

3401-4200 birr from MFIS and the least of them are those who take loan amount 200-1000. Here the amount loan is restricted because, as the name indicates, MFIS are those institutions who encourage the participants (clients) who have lower level of income with respect to their capital. This is because those MFIS have lower capital at maximum of 5000 birr with regarding our research and it is not possible to give loan for investment purpose and other which are beyond their capital.

Table 4.3 : Frequency table of the purpose of loan you take from MFIS

purpose of loan		Frequency	Percent
	to open shop	10	25.0
	for home consumption	6	15.0
	for bakery purpose	3	7.5
	to open restaurant	8	20.0
	to open bar	2	5.0
	Total	29	72.5
Missing	System	11	27.5
Total		40	100.0

As it can be observed from the above frequency table 10(25%) of the participant taking the loan for the purpose of opening shop and 3(7.5%), 2(5.0%), 8(20.0%) and 6(15.0%) take a loan from MFIS for the purpose of bakery, open bar, open restaurant and for home consumption respectively.

The person taking the first place in borrowing loan from MFIS

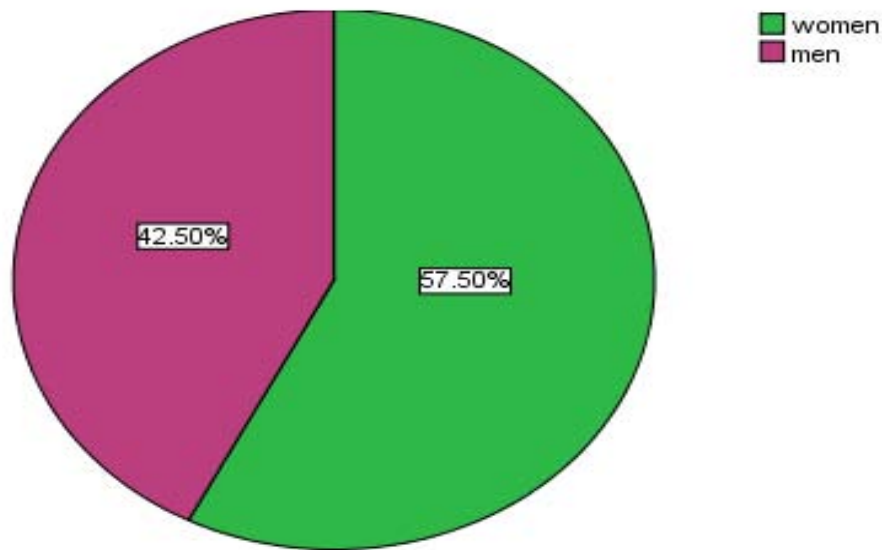


Figure 4.9 : Gender taking the first place in borrowing loan from MFIS

From the above pie chart that shows gender that take the first place in borrowing loan from MFIS, it is women who occupied the first rank in borrowing loan from MFIS. They consist of (57.5%) of total participant. And male participants take the second place (42.5%).

Hence, MFIS initiate women to participate a greater number.

The women awareness towards usefulness of MFIS

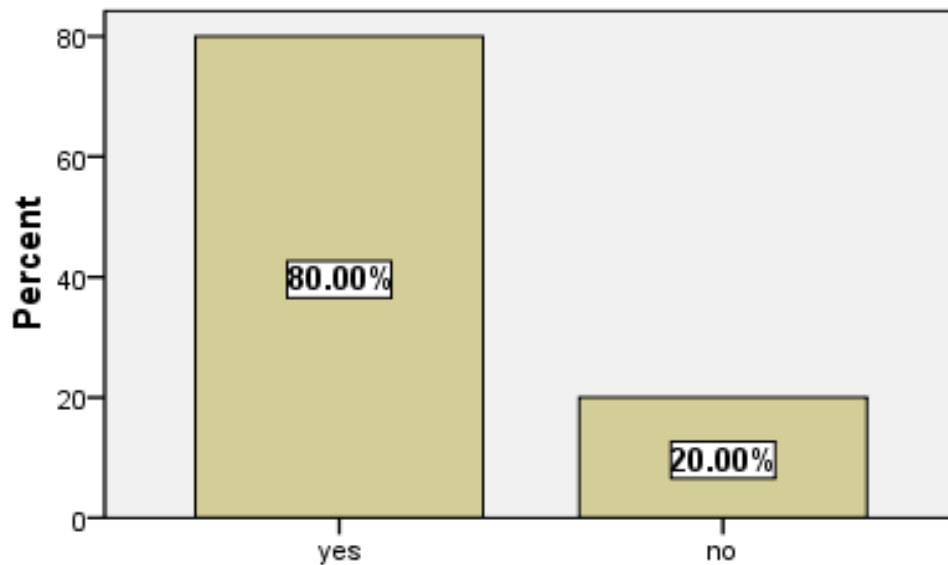


Figure 4.10 : Women awareness towards usefulness of MFIS

We observe from the bar chart that the majority of women recognized the importance of the MFIS.

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

Since, most number of women have awareness, this in turn results in a greater number of women to participate in the MFIS.

Table 4.4 : the cross tabulation table of sex of respondent and sex discrimination

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

The above table shows that the cross tabulation between sex and sex discrimination hence, from Female: about 23.5% respond there is sex discrimination, and about 66.7% said there is no sex discrimination by MFI. Male: 76.5% stated sex discrimination is highly practiced, 33.3% respond there is no sex discrimination at all.

As the total percent within sex of respondent indicates, 44.7% replied that MFI discriminate sex and

about 55.3% of the respondent replied that the MFIS do not discriminate their participant based on the sex. Hence, we conclude that more males stated that there is sex discrimination by MF than females.

This refers that, even though there is no sex discrimination in the micro finance institutions, the micro-finance encourage women's most of the time.

Table 4.5 : the cross tabulation between literacy status and loan taking from MFI.

		Taking loan from MFIS		Total
		yes	no	
Literacy status of the respondent	illiterate	2	0	2
	Read and Write only	4	1	5
	1-6grade	4	0	4
	7-12grade	9	1	10
	collage certificate	10	6	16
	bachelor's degree and above	0	3	3
Total		29	11	40

As we observe from the above table, 31.0% of the respondents who take loan from MFIS are those whose educational levels are 7-12grade but about 9.1% responded as they do not take loan from MFS. The respondent who have Collage certificate take loan from MFS accounts for 34.5%, but 54.5% responded as they do not take loan from MFS. The rest of respondents are mention in the table

V. CONCLUSION

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

federal government of Ethiopia has implementing different development program.

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

Depending up on this study we conclude the following points:

- ✓ The analysis shows that there is a strong association between literacy status and women's awareness towards the usefulness of MFIS.
- ✓ The loan disbursement of the two MFIS shows there is incredible increment from year to year so as to help poor women and unemployed through provision of loan.
- ✓ It was found that the micro-financing schemes have contributed positively to the development of small-

scale enterprise and a sense of entrepreneurship attitude.

- ✓ Most of the participants (clients) have taken a loan from each MFIS for the purpose of opening shop since they are provided with inadequate amount of capital.
- ✓ To overcome the small number of women participation problem in each MFIS, increasing the number of MFIS in the area is the best way among the other methods.

VI. RECOMMENDATIONS

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

The MFIS should have to create awareness about the usefulness of the institutions for the participants (clients). The institutions should provide optional loan life; provide sufficient amount of supervision, encourage saving 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.

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