



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

**The Effect of Microfinance Loan on women's Economic Empowerment in Harbu  
Microfinance Institution in Addis Ababa**

**By**

**Melkamu Tantigegn Taye**

**June 2023  
ADDIS ABABA, ETHIOPIA**

**The Effect of Microfinance Loan on women's Economic Empowerment in Harbu  
Microfinance Institution in Addis Ababa**

**By**

**Melkamu Tantigegn Taye**

**ID SGS/0046/2014A**

**Advisor: Temesgen Belayneh (PhD)**

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE  
STUDIES IN PARTIAL FULFILLMENT THE REQUIREMENT FOR THE DEGREE  
OF MASTER OF MBA**

**June 2023**

**ADDIS ABABA,ETHIOPIA**

## **DECLARATION**

I hereby declare that this thesis entitled “The Effect of Microfinance Loan on women’s Economic Empowerment in Harbu Microfinance Institution in Addis Ababa” has been carried out by me under the guidance and supervision of my advisor **Temesgen Belayneh (PhD)**.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

**BY: Melkamu Tantigegn**

**SIGNATURE**\_\_\_\_\_

**DATE**\_\_\_\_\_

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

---

Dr.Temesgen Belayneh

Research Advisor

**St. Mary's University**

**School of Graduate Studies**

**The Effect of Microfinance Loan on women's Economic Empowerment in Harbu  
Microfinance Institution in Addis Ababa**

**By**

**Melkamu Tantigegn**

**Approved by the Board of Examiners:**

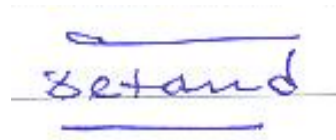
\_\_\_\_\_  
Dean, Graduate Studies

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Advisor

\_\_\_\_\_  
Signature

**Dr Getie Andualem**



26/7/2023

External Examiner

Signature

\_\_\_\_\_  
Internal Examiner

\_\_\_\_\_  
Signature

## Table of Contents

ACKNOWLEDGMENTS.....	i
LIST OF ACRONYMS.....	ii
LIST OF TABLES.....	iii
LIST OF FIGURE.....	iv
ABSTRACT.....	iv
CHAPTER ONE .....	1
1 INTRODUCTION .....	1
1.1 BACKGROUND OF THE STUDY .....	1
1.2 Statement of problem.....	2
1.3 OBJECTIVE OF THE STUDY .....	4
1.3.1 General Objective .....	4
1.3.2 Specific objective.....	4
1.4 Significance of the Study .....	5
1.5 Scope of the Study .....	5
1.6 Organization of the paper.....	6
CHAPTER TWO .....	7
2 REVIEW OF RELATED LITERATURE .....	7
2.1 Definition and Concepts .....	7
2.1.1 The Concept and Definition of Microfinance .....	7
2.1.2 The Concept and Definition of Empowerment .....	8
2.1.3 Micro-finance and Women Economic Empowerment.....	8
2.1.4 The Micro-finance Experience in Ethiopia .....	10
2.2 Empirical Literature .....	11
2.3 Conceptual Framework.....	14
CHAPTER THREE .....	16
3 RESEARCH METHODOLOGY.....	16
3.1 RESEARCH APPROACH AND DESIGN .....	16

3.1.2 Research Approach .....	16
3.1.3 Research Design.....	16
3.2 Source of Data.....	16
3.3 Population of the Study.....	17
3.4 Sampling Procedure and Method .....	17
3.5 Sample Size Determination Formula .....	17
3.6 Methods of Data Collection .....	18
3.7 Method of Data Analysis .....	18
3.8 Research Ethics .....	19
CHAPTER FOUR.....	20
4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION.....	20
4.1. Descriptive Analysis .....	20
4.1.1 Demographic characteristics of the respondents.....	20
4.1.2 Duration of using the institution .....	22
4.1.3 Service type of client that engaged in .....	23
4.1.4 Availability of micro finance .....	23
4.1.5 Loan and saving interest rate charged by the institution.....	24
4.1.6 The administration level of the institution .....	24
4.1.7 Time taken to get the loan.....	25
4.1.8 Primary job before and after they get loan.....	27
4.1.9 Saving habit before joining the institution and amount of money they save .....	28
4.1.10 saving habit after joining the institution and amount of money they save.....	28
4.1.11 Effect on Household Decision-Making.....	30
4.2 Secondary data analysis .....	31
CHAPTER FIVE .....	32
5 SUMMARY, CONCLUSION AND RECOMMENDATION .....	32
5.1SUMMERY .....	32
5.2 CONCLUSION.....	33
5.3. RECOMMENDATION .....	34
REFERENCE.....	35
APPENDIX I .....	37

## ACKNOWLEDGMENTS

First of all I thank GOD for enabling me to conduct this project. Secondly I would like to acknowledge my assistant Temesgen Belayneh (PhD) as he took me step by step in doing this project. He has shown an exemplary patience, dedication and kindness by sacrificing his time to guide and enable me developing issues articulated in refining to project idea more of that I would like to thank him for giving me the moral support and understanding. Next to that I thank to all my family. Thank you for all members and friends who helped me and participated in this study



## **LIST OF ACRONYMS**

<b>HMFI</b>	Harbu Micro Finance Institutions
<b>G.C</b>	Gregorian calendar
<b>GTP</b>	Growth Transformation Plan
<b>MFI</b>	Microfinance Institutions
<b>BRAC</b>	Bangladesh Rural Advancement Committee
<b>DECSI</b>	Dedebit Credit and Saving Institution
<b>ACSI</b>	AmharaCredit and Saving Institution
<b>OMF</b>	Omo Microfinance institution
<b>SNNP</b>	South Nation Nationalities and peoples

## LIST OF TABLES

<b>Table 4.1</b> Demographic Characteristics of the respondent -----	22
<b>Table 4.2</b> Availability of microfinance-----	24
<b>TABLE4.3</b> Institutional Loan and saving interest rate -----	25
<b>Table 4.4</b> Women’s primary job before and after loan -----	27
<b>Table 4.5</b> saving habit and amount of money they savebefore loan -----	28
<b>Table 4.6</b> saving habit and amount of money they save after loan-----	29
<b>Table 4.6</b> Trend and female - male ratio -----	31
<b>Table 4.8</b> regression result-----	33

## **LIST OF FIGURE**

Figure 2.1 conceptual frameworks -----	14
Figure 4.1 duration of using the institution -----	23
Figure 4.2 administration level of the institution-----	26
Figure 4.4 times taken to get loan -----	26
Figure 4.5 expert giving level of awareness -----	227

## **ABSTRACT**

*The main objective of this study is to assess the effect of the harbu MFI on women's economic empowerment, and to identify the saving habit of women before and after engaged in the institution, using data from 153 women's clients. Both primary and secondary data were used for this study. The primary data were collected through questionnaire. The study employed simple random sampling to answer research questions. The descriptive result indicates that after they participate on the loan, women's economic and social situation of women's are empowered. Moreover, saving habit and decision making power has improved. The study's findings show that the microfinance program has a favorable effect on women's economic empowerment as measured by their increased involvement in household decision-making. Analysis also showed that access to microfinance has significantly aided women's economic empowerment by enhancing their businesses. The survey also revealed that women now have better standing in society as a whole and within their families thanks to access to microfinance. The study consequently suggests that HMFIs work to issue more credit facilities to clients who are women in order to give them more economic power. Finally, the researcher advises Ethiopia's government to focus on expanding financial institutions that place a particular emphasis on women and society at large. The study consequently suggests that HMFIs work to issue more credit facilities to clients who are women in order to give them more economic power.*

**Keywords:** *economic empowerment, credit, saving habit, simple random sampling*

# **CHAPTER ONE**

## **1 INTRODUCTION**

### **1.1 Background of the study**

Microfinance is a financial institution that provides financial service to low-income individual or groups who are not get access to banking service. Most microfinance institution focuses on offering credit in small amount. Those type of service operation found in developing country like our country (nuri and meaza, 2020). Ethiopia has adopted microfinance in strategy for increasing income and for employment opportunity. Microfinance has been important tool for increasing income and empowering women, and fostering equality in society.

The service of Microfinance begins in Bangladesh in 1970 and become one of the successful services. In the case of Ethiopia microfinance start its operation in 1995. Starting from this period the government has accelerated the growth and expansion of modern microfinance institution in the country (tesfaye et al 2019).The issue of sustainable development in the developing countries like Ethiopia has been a growing concern to both the government and the private sector.

Keeping in view the status of women in developing countries like Ethiopia, the present study has been conducted to examine the influence of microfinance on empowering women in context of MFI, i.e. harbu MFI. An important milestone for alleviating poverty is through Millennium Development Goals as the first goal attempts to eradicate extreme poverty and hunger which is linked with third goal of gender equality and women empowerment. As we know in our country the society is male dominated this make women discriminate from their family social and economic life beside this the traditional duty of managing household make more difficult in their social and economic empowerment ( perweys and imran, 2021). Hence various efforts have been made by many Government and Non-Government organizations to promote women empowerment especially in rural areas and one such effort is the microfinance intervention The studies conducted by various researchers in this field have confirm that targeting women is an

effective way to combat poverty because women are likely to spend their incomes in food, health care and education of their children. All of these are investments in future and contribute towards long term economic advancements for families, communities and ultimately for countries (Huma Rehman et al., 2015)

In Ethiopia microfinance have an important effect on agricultural and food security under the Agricultural Development Led Industrialization strategy (Belay, 2001). Although the development of microfinance institutions in Ethiopia started very recently, the industry has achieved a sustainable growth in providing a service to the community.

Harbu micro finance institution (HMFI) is a non-governmental organization (NGO) created in February 2005 to fulfill the requirements and the directives of the national bank of Ethiopia, the authorized body to license and supervise microfinance projects in Ethiopia. Harbu micro finance institution aims at increasing agricultural productivity and agricultural marketing by supporting value chain development and access to financial services. Through credits, Harbu micro finance institution helps very poor people in both rural and urban area to start, establish, support or expand small and self-sustainable business. harbu micro finance institution operates in the three biggest regional states known as Amhara, Oromia and the South, and covers twenty four districts. Nowadays, 17566 clients are accessing to services from harbu. 76% of these clients are women, when in the existing industry standard.

## **1.2Statementofproblem**

Women around the world continue to experience gender discrimination, which has made it necessary to empower women in order to improve their status, as stated by the 2010 Millennium Development Goals. (Huma et al., 2015)

.

Women constitute about 50 percent of the Ethiopian population and they involves in different sectors of the economy. Poor women in developing country like Ethiopia are engaged in heavier and time-consuming workloads, but they can't get the matching earnings as the work they do.

As we know in our countries there is a high level of gender discrimination and most of the men consider the work of women is limited to the house like water and fuel collection, cooking, cleaning, sewing, tailoring, weaving, and child rearing but their labor is not financed back by

money(belay and amanpreet,2020). Hence they don't get the economic opportunities that make them in participating income generating activity. This makes most of the women dependent on their family and husband and this make they have low level participation in house hold decision making. In order to make women's participate in decision making activity they should economically empowered i.e. make credit easily accessible with low interest and this is one of the most important thing for the existence of micro finance institution. The reason for the existence of microfinance institution is for poverty reduction and women empowerment (perweys and imran, 2021).

In developing countries like Ethiopia women have higher unemployment rate than men. In addition to this Women do majority of the work and receive the lowest of the pay this make up the majority of the lower paid, Women spend majority of their income on their families(muri and meaza 2020). this situation justify the giving of priority and increasing women access to financial service on the ground that women are relatively more disadvantageous than men.

It is yet unclear how micro lending affects women's empowerment. Despite the significant role that microfinance plays, there is no consensus that microfinance programs improve the economic position of women (perweys and imran, 2021). While some empirical studies indicate that microfinance has a good effect on women's economic empowerment, others contend that the opposite is true. The ability to make modest and large purchases, ownership over assets, and participation in family decision-making, mobility, and liberation from family dominance is cited as ways via which women could be empowered by microfinance, according to optimist microfinance proponents. In a similar vein, research from Ethiopia shows that microfinance significantly contributes to women's empowerment. Other microfinance research, on the other hand, indicates that the impact of microfinance on women's empowerment is negligible. They contend that women have little to no control over their loans, which are managed by male relatives, and that some borrowers lost their property as a result of repaying their debts. So, critics of microfinance claim that it has a negative effect on women's empowerment.(Tesfaye, Jamal and Esubalew 2019).

According to tesfaye (2004) In Ethiopia, the impact of microfinance services limited on the growth of small businesses, their viability, and their profitability. According to Yimer's (2011) study on rural microfinance and women's empowerment, one-third of the respondents did not see

significant changes in their lives, and not all adult women consumers experienced the same effects of microfinance.

As a result, there is no consensus among academics and researchers regarding how microfinance affects the economic empowerment of women. In order to address the gaps in the literature where there are conflicting results, this study was undertaken by adding more variables to earlier research.

Having the above gaps, this study aimed to fill the knowledge gap and presumes tremendous importance for the area by integrating and examining essential issues related to MFIs and their contribution in women economic empowerment. Thus in this study the researchers tries to answer the following research questions.

1. What are the effects of microloan on women access to and control over asset?
2. What is the role of microfinance service in improving women's income and capital accumulation?
3. What is the role of microloan service on women's participation in household decision making and improvement in living standard?
4. What are the role of microfinance service in improving the individual self esteem and awareness about women role?

## **1.3 Objective of the study**

### **1.3.1 General Objective**

The general objective of this study is to examine the effects of microfinance institutions on the economic empowerment of women.

### **1.3.2 Specific objective**

- To examine the effects of microloan on women access to and control over asset
- To assess the role of microfinance service existence in improving women's income and capital accumulation.
- To assess the effect of microfinance in accelerating women's participation in household decision making and improvement in living standard.
- To assess the role of microfinance in improving the individual self esteem and awareness about women role.



### **1.4 Significance of the Study**

The outcome of this study will help the government, policy makers and financial intermediaries on the contribution of microfinance towards women empowerment in Ethiopia. i.e. the government of Ethiopia will have trying to reduce poverty and gender discrimination so as to do this the government should provide microloan with low transaction coast and the policy maker which were concerned in regarding those has to do increasing the accessibility of microfinance institution service to those women in need. The outcome will be helpful in determining the regulatory, legal framework, policy, and strategic work for Ethiopia's microfinance institutions program, ensuring the achievement of the institutions' primary goal of eradicating poverty and the best approaches to address the specific gender issues, specifically economic empowerment or not. beside this the study will serve as input for researchers who may further wish to consider the subject matter of this investigation in the further and it give information about how microfinance help to empower women's in Harbu micro finance institution S.C. moreover after the accomplishment of the study we can understand how women's empowerment have crucial impact on economic development of the country

### **1.5 Scope of the Study**

The study on effect of microfinance institution loan on women's economic empowerment was very important to be conducted at national level, but taking the subject into account over a larger geographic area requires a tremendous amount of time and money. Consequently, in order to manage the study within the allocated time I limited the study on women's financial empowerment through a financial budget. Due to shortage of finance and luck of sufficient time the research work is limited to see the impact of Harbu credit and saving institution on women's economic empowerment in Addis Ababa. Moreover to examine the sustainability of loan on women's economic situations and saving habit of client the study would consider 2021 client Since, the main objective of the study was assessing effect of microfinance institution on women's economic empowerment the researchers would collect data from women client only.

## **1.6 Organization of the paper**

There are five chapters in the study. The background of the study, problem description, objectives, research questions, significance and scope are all covered in the first chapter, among other things. The second part covered reviewed related literature on the subjectthe detailed approach is covered in the third chapter. The result and discussion included in the fourth chapter. The fifth chapter offers a summary, conclusion, and recommendations.

## **CHAPTER TWO**

### **2 REVIEW OF RELATED LITERATURE**

#### **2.1 Definition and Concepts**

##### **2.1.1 The Concept and Definition of Microfinance**

The provision of financial services to clients with low income levels is described by the term microfinance. This straightforward explanation states that microfinance is aimed at low-income individuals who lack access to the conventional loan system. (Huma et al., 2015).

Numerous studies in the MF sector have shown that it is a crucial tool for promoting economic growth, reducing the effects of economic instability, and empowering women. MF programs specifically target women for the following reasons: Studies have shown that women repay loans at considerably higher rates than men, supporting the cost-efficiency theory. Thirdly, investing in women has a "multiplier impact" that increases the efficiency of credit funds because women are more concerned with their families' well-being than men are. Second, gender fairness in terms of employment prospects is a crucial issue, particularly in developing nations. (Huma et al., 2015)

However, there is significant ambiguity when the word "microfinance" is used. The area of misunderstanding relates to the types of services provided and the nature of the clients served.

Although different researchers have described the microfinance program from a variety of angles when it comes to the makeup of its clients, most of them seem to agree that the program was created to aid the most vulnerable members of society. Others, however, contend that micro financing is only appropriate for individuals who are expected to be able to repay loans because it is fairly difficult in practice to regularly serve customers who are living below the poverty line. (Nuri and Meaza 2020).

The establishment of microfinance in the 1970s aimed to remove the barrier preventing low-income people from gaining access to funds for personal growth. The provision of financial services to low-income, poor, and very poor independent contractors is known as microfinance.

It is hardly overstatement to claim that microfinance encourages the entrepreneurial spirit found in small-scale business owners all over the world. Microfinance has the power to support micro businesses and promote best practices among owners of small and medium-sized businesses (OJO Olu 2009)

### **2.1.2 The Concept and Definition of Empowerment**

Give someone the ability or authority to do something, or give someone more control over their life or the position they are in, according to the dictionary definition of the term empower.

(Huma Rehman et al., 2015)

Empowerment is similar to the word power in verbal definition. In English, the idea relies on its original meaning of being invested with legal authority, i.e. being given permission to act for a particular objective or purpose. Has also developed empowerment, emphasizing power more.

He asserts that the power process has four dimensions, namely: power from within, which involves personal changes in consciousness and confidence; power to, which involves improvements in capability and capacity such as skills, income, and market and job access; power over, which involves overcoming subjugation at the household, community, and macro level; and power with, which involves networking, partnership, collaboration, and joint action to challenge and change power relations. However, the phrase empowerment does not readily translate into all languages and has varying implications in various sociocultural and political circumstances. In relation to this, it was noted that even though a certain amount of studies on the idea and signs of empowerment, yet the phrase has come to be widely used in the field since it can signify many different things to various people discourse. (Nuri and Meaza 2020).

### **2.1.3 Micro-finance and Women Economic Empowerment**

Microcredit services are regarded as a society-based technique to provide various financial resources for the underprivileged and poor society to improve the lives of customers. The microfinance industry helps the community make the transition to the development, peace, and building of the nation. By providing the essential financial and non-financial services for the growth of small businesses, the microfinance sector fosters regional economic development. Some scholars view financial services for small business development through microfinance as a sustainable peace development approach and a way to survive during a crisis.

Some scholars believe that microfinance can promote both long-term peace and disaster survivability. (belay and amanpreet 2020)

In order to reduce poverty and empower women, it is seen necessary to give them access to microfinance. Policy development circles have been emphasizing gender relations more than ever before as a result of focusing on women's empowerment from a microfinance perspective and viewing women as a "weapon against poverty." Therefore, it's crucial to empower women by giving them access to microfinance because gender inequities impede economic development and growth. Understanding the idea of empowerment and its various facets requires an understanding of three paradigms: the female empowerment paradigm, the poverty alleviation paradigm, and the financial sustainability paradigm. These three diverse models can be combined and contrasted in order to analyze "virtuous spirals" of economic empowerment, improved wellbeing for women and their families, and broader social and political empowerment. These measurements and paradigms helped in understanding the interdependence and linkage of three forms of empowerment and helped in exploring the factors that underlie these dimensions (Huma Rehman et al., 2015).

There are two degrees to empowerment as a strategy for the strategic development of women: intrinsic and extrinsic. Gaining more access to and control over material resources is referred to as the intrinsic level. The intrinsic level, on the other hand, involves internal changes including an increase in self-reliance, confidence, motivation, and optimistic hope for the future. It acknowledges the variety of responsibilities played by women and aims to address strategic gender requirements by encouraging bottom-up participation in development and resource concerns that affect women's lives. Social exclusion is sustained and reinforced by economic marginalization. Due to the unequal distribution of resources inside and outside the home, women's conditions, particularly those of impoverished women, are made even more precarious. Practical gender demands that aren't met are caused by any discrepancy between the bare minimum requirements and the resources available. In other words, poverty is the final condition that implies a lack of entitlement and results from a lack of resources and skills needed to meet one's basic demands for a living. A certain class and category of individuals are thus disempowered as a result of their social and economic isolation. As a result, "empowerment" thinking has affected development practitioners and development agencies. (Government

and non-government), the last ten years, both donors' organizations and theorists. Thus, women's economic empowerment is the process by which they achieve more control over their material and intellectual resources and reduce their reliance on outside factors. Even so, there is considerable dispute over whether providing poor women with microloans could alter the social and economic dynamics in which this segment of the population lives in villages and lead to increased empowerment. (Nuri and Meaza 2020).

### **2.1.4 The Micro-finance Experience in Ethiopia**

According to a study on the Dedit Credit and Saving Institution (DECSI), the program offered by DECSI has improved the lives of its customers. Over the past five years, clients have shown better improvements than non-clients (2000 – 2004). Their financial, consumption, and asset situations have all improved. They also appear to have a larger diversification of income sources, be less subject to shocks, and be more food secure. The study discovered that for DECSI's program to enable marginalized groups to achieve social and political empowerment, the customers' economic situation has to improve the study came to the additional conclusion that social and political empowerment follow economic empowerment. On the other hand, this study also showed how DECSI's program had drawbacks. Many credit-financed ventures fail, which could have an impact on clients' debt and asset depletion. Additionally, the school dropout rates of the client's children are very high. This is to shepherd animals who were purchased with program grant funding. The women clientele of OMO and SIDAMA microfinance institutions in Awassatown, Southern Nations and Nationalities Peoples' Regional State, were the subject of the other study. The bulk of the clientele, according to this study, work in the production and trade of food and related goods. The survey also revealed that their commercial activity is not diverse. This is because, in comparison to other businesses, the production of food and related goods carries less risk. Further research revealed that 92% of them were unaware that saving money is more vital than taking out loans to secure their future. The savings policy of MFI, according to the study, only serves to cover risk situations rather than encouraging consumers to be more frugal. However, the study argued that microcredit had a positive impact on urban women working groups in terms of generating money and their own self-employment. Additionally, it frequently resulted in company improvements, better decision-making, and asset generation at low levels, all of which are considered insufficient. (Nuri and Meaza 2020)

## 2.2 Empirical Literature

Studies conducted domestically or internationally may yield varying conclusions regarding the role that microfinance plays in empowering women. Some studies contend that microfinance has a substantial role in empowering women, while others contend that it plays no part at all. There is no consensus that microfinance programs improve the economic position of women, even if microfinance plays a significant role. (tesfayeet al 2019)

The Village Savings and Loan Association (VSLA) (2017) provides microfinance financing, arguing that women in rural Uganda should have randomized access to microfinance therapy. The following categories of women's empowerment were positively impacted by having access to microfinance programs: business outcomes, decision-making authority, and community participation. Results for business outcomes and decision-making power were the most significant and significant in magnitude. It is significant to highlight that the participant's social standing, particularly whether she was the head of household and her marital status, had a significant impact on the outcomes in these categories. As might be expected, having a husband in the home has a negative impact on the impact of microfinance on women's empowerment.

Results, however, were less significant for topics including community involvement, emotional health, and gender stereotypes. This leads to the conclusion that microfinance has a greater ability to influence how a woman behaves within the household (generating income or making household decisions) than it does to alter her behavior within the community. A The perspectives of women in the surrounding communities and whether or not community members are willing to integrate more empowered women into their society have an impact on community involvement, emotional wellness, and thoughts about empowerment. Because attitudes toward women and their place in society change slowly in developing countries, the impacts of microfinance on women's empowerment in groups that are impacted by outside community members are less obvious. NGOs or policymakers should think considering presenting workshops on women's financial and social inclusion in these places to husbands or other males in the community. Without the community's male hostility, women would be better able to transition out of gender roles. Additionally, as is frequently documented in the literature, these trainings might lower the rates of domestic violence and terror among women who have access

to microloans. To sum up, microfinance is a creative tool for fostering women's empowerment in poor communities along many dimensions, but its effectiveness would considerably increase by concurrent education of spouses and other community members.(Sonia Maria 2019)

a research conducted by belay and amanpreet(2020) resulted Women benefit from economic development and decision-making roles in saving, borrowing, and other business operations when they have access to microfinance organizations that offer credit, savings, and training. The employment of Ethiopian women and other societal groups will be significantly improved by investing in women's economic development activities. According to the study's findings, microfinance significantly affects women's assets, income, savings, and control over resources. Women who use micro lending typically have higher incomes, stronger asset positions, greater savings rates, and more influence over the resources in their homes and the community at large. Whatever is done to improve the microfinance service of credit provision and training will improve women entrepreneurship development.

Microfinance credit provision by Akhuwat, Pakistan argues (2018) that the report emphasizes the growing significance of gender equality as being essential to family well-being and a nation's socioeconomic development, and microfinance programs have proven to be a key tool in such advancements. Important results were reached after analyzing qualitative data in order to better understand the phenomena of women's empowerment. In terms of economic decision-making, women had greater power to make purchases of household goods than men often do when it comes to home maintenance and asset ownership. Additionally, it was shown that they were in a far better position to make decisions and go to social gatherings and Akhuwat meetings on their own. Similar to how most women had the power to decide on their children's education, the results showed that women did not have the same power in terms of politics. Based on the aforementioned facts, it can be deduced that, despite the fact that women's wage growth played a significant role in improving their economic independence, societal discrimination still exists and prevents women from realizing their full potential for improving their families. The study also emphasizes that age, education, marital status, and family structure are important characteristics that were examined in connection to their impact on the economic, social, and political empowerment of women, as well as their impact on their health and educational opportunities.



Age factor influences positively and more considerably among the beneficiaries, according to the current studies of Akhuwat (Huma Rehman, Amani Moazzam & Nighat Ansari, 2015)

Microfinance credit provision by omo microfinance(2019) case study in gimbo woreda, south nation, nationalities and peoples region, Ethiopia indicate that the findings of the study explicitly show that, within its limitations, OMFI had a positive impact on women's economic empowerment in the study area as revealed by both descriptive and econometric results, which is in line with the study's overall objective, which is to analyze the economic impact of Omo microfinance institution in empowering women. As a policy indicator, the microfinance program's intervention is anticipated to raise and empower the low-income population, particularly women, and thereby lessen poverty. As a result, women's economic standing and level of decision-making participation will both dramatically improve. The econometric findings show that ATT has no statistically significant impact on women's control over assets or access to resources. Thus, it may be said that the influence of OMFI on women's access to resources and control over assets is minimal. Priority should be given by OMFI in its credit provision to asset generation, resource access, asset acquisition, and asset control. Taking these actions reduces their level of poverty and empowers women's economic capacity. OMFI should take appropriate measures to ensure its organizational mandates, objectives and commit to benefit women from its services by providing training, advisory services and continuous follow-up to assist women's economic empowerment. Linkages with other governmental organizations like women and children offices and agricultural offices should be made to work cooperatively and address problems. Although OMFI has a major impact on women's average yearly income, efforts should be made to expand access to resources and the building of assets that will ultimately assist to eradicate poverty and empower them (Tesfaye Melaku, Jemal ABAFITA & Esuablew AYALEW 2019)

A research conducted at omo microfinance case study in gimbo woreda, south nation, nationalities and peoples region indicates that microfinance participant women are much better than non-participants in terms of household asset holding, yearly average off farm income, and involvement in decision making process in the household. The study was conducted using purposive sampling methods were used. So there is the issue of representativeness. In addition to

this the researchers use 200 sample from those 115 were non client (loan applicants but yet not given) this indicate that the sample which is related to the economic empowerment were only 85 and this is not enough or not representative. By this result we can't see the effect of microloan to the economic empowerment of women's.

A research conducted at Omo-microfinance Institution, Lemo District, Hadiya Zone, Southern Ethiopia indicates that microfinance has significant effect on women empowerment. The descriptive statistics and regression analysis of the study was conducted using before and after method of analysis. OMFI contributes to social and economic empowerment of women in the study area. Women's hope and self-confidence improved through active participation in OMFI. Sample size was determined using the formula which is developed by Yamane (1967): in this case  $e$  is level of precision, is 9% which is not appropriate for social science research.

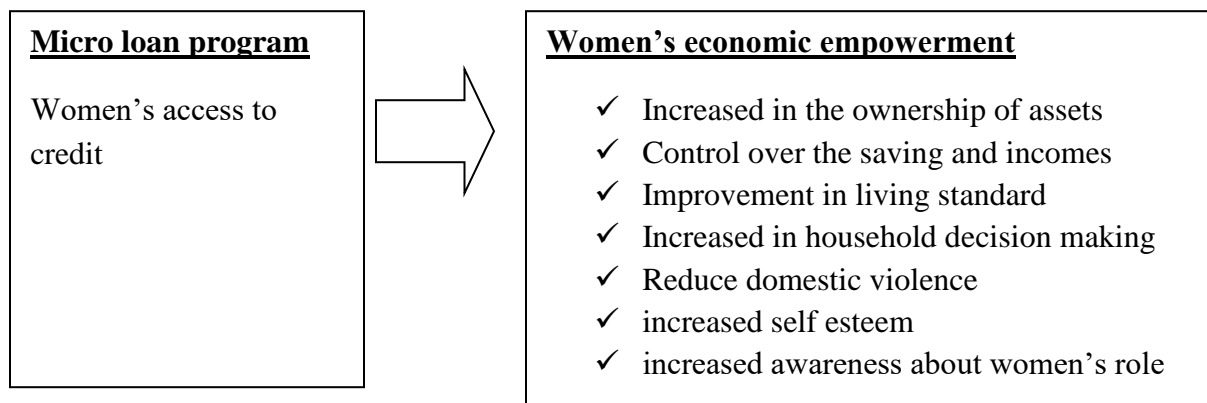
## 2.3 Conceptual Framework

The evidence found in the literature is used to build the conceptual framework for this investigation. This conceptual framework was developed after reviewing more than 20 studies.

The researcher has created a conceptual framework based on the literature review to illustrate the relationship between independent variables, microfinance services, and the dependent variable, women's economic empowerment.

In the following figure the relationship between dependent and independent variable is presented as follow

Figure 2.1 conceptual framework



Source: adapted from microfinance impact model developed by Aregu et al., 2017

In the areas of company performance, decision-making authority, and community involvement, microfinance credit provided to women had a favorable influence on women's empowerment. Results for business outcomes and decision-making power were the most significant and significant in magnitude. It is significant to highlight that the participant's social standing, particularly whether she was the head of household and her marital status, had a significant impact on the outcomes in these categories. As a policy indicator, the microfinance program's intervention is anticipated to raise and empower the low-income population, particularly women, and thereby lessen poverty. As a result, women's economic standing and level of decision-making participation will dramatically improve.

## **CHAPTER THREE**

### **3 RESEARCH METHODOLOGY**

This chapter briefly discusses the methodology used in this research. It tried to cover explanations of the research approach, research design, data sources, population and sampling techniques, data collection methods and instruments, mode of data analysis

#### **3.1 Research approach and design**

##### **3.1.2 Research Approach**

The researcher applies both qualitative and quantitative research approaches. Quantitative research answers questions through a controlled logical process, allowing for the collection of numerical data, the prediction, and the measurement of Variables. And qualitative approach use to analyze triangulate in explaining and interpreting the finding of quantitative study. According to Creswell (2003), mixed method approach is a relatively new approach which makes use of different forms of data that enable researchers to create understandable design out of complex data and analysis.

##### **3.1.3 Research Design**

The research apply descriptive research type to describe what it is or what the situation looks like based on the information, different facts and factors regarding the problem during the time of the study. In addition to this the characteristics used to describe situation or population are usually are some kind of categorical schemes.

#### **3.2 Source of Data**

The researcher applies both primary and secondary sources of data in order to generate both quantitative and qualitative data for its successful accomplishment. Considering that using primary data instead of secondary data is more credible. Primary data was collected by means of

a structured questionnaire responded by harbu microfinance in Addis Ababa. The secondary data was collected from HMFI annual report, Manuals, abstracts etc.

### **3.3 Population of the Study**

In this study the target population was only women clients of Harbu credit and saving institution users for the years, 2021(247 women's client) from this the total population of the study was 247 women's. The reason why the study was incorporate women's are the aim of the study is assessing effect of microfinance loan institutions on women's economic empowerment.

### **3.4 Sampling Procedure and Method**

Since the focus of the study was to assess the effect of microfinance loan on the economic empowerment of women's, all women's who access harbu micro finance institution for credit were considered. Since this population is large, it is prohibitively expensive to conduct a complete consideration of all women's who have benefited from HMFI credit facility due to time and financial constraint. Probability sampling specifically simple random sampling was employed for taking a sample. The reason behind using simple random sampling technique for this study is to give each member of the study population equal chance of being selected. To determine the sample size, the researcher tried to consider information from different studies in the same topic, and time frame to accomplish this study was considered.

### **3.5 Sample Size Determination Formula**

The sample size is determined by using the formula recommended by Yemane(1969). By using this formula the sample were 153 out of the 247 women clients. The sample was taken from the clients of the institution at least for two years. In the study descriptive statistics such as table was used with the appropriate tests to address the objectives. The summary of statistics can be suit used extensively in this research. Moreover, raw data obtained from various sources will be analyzed using tables and different statistical methods such as percentage, tables, average and so on.

$$n = \frac{N}{1 + N(e)^2}$$

$$n = 247 / 1 + 247(95\%)^2 = 153$$

Where N is total population size

n, sample size

e level of significance at 95% level of confidence

### 3.6 Methods of Data Collection

The research will apply data collection instrument by utilizing questionnaire. The questionnaire is used to collect data from samples of 153 microfinance client respondents. The questionnaire focused on demographic characteristics, economic empowerment, and microfinance service, which is adopted by (nuri and meaza, 2020). According to Leary (2004), Questionnaire is usually inexpensive, easy to administer a large number of employees and less time-consuming and normally gets more consistent and reliable results than other instruments. The primary data collected from women client that are customer of the institution through questionnaire. The primary data would be used to identify the effect of harbu microfinance institution loan on women economic empowerment and to assess the saving habit, economic decision-making power of females. Secondary data includes any information available that is directly or indirectly helps to understand the above issue would be collected these data from harbu credit institution. The secondary data was collected from HMFI annual report, Manuals, abstracts etc.

### 3.7 Method of Data Analysis

Descriptive statistics were used in the empirical analysis of this study. Measures of dispersion (mean, SD, variance), percentages, tables, and maps were all used in the descriptive statistics. The data that are collect from women client through questionnaire were analyzed mainly by the help of SPSS version 21. After the collected data was rearranged, edited and calculated in order to become complete, it was analyzed using descriptive statistics, Using SPSS software.

### **3.8Research Ethics**

The respondents' secrecy and privacy will likely be the study's biggest issues. Many responders can initially feel awkward disclosing information because they believe it must be private. However, the researcher will finally react and give the respondents assurance regarding their answer. In analyzing, condensing, and presenting the research's conclusions, I made an effort to take the middle ground rather than positioning myself in a way that would have distorted the respondents' perceptions of the study's findings. I did this because, in order to draw reliable findings from research, research ethics must apply to all aspects of the study, not just the field environment.

## CHAPTER FOUR

### 4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This part of the study focuses on the Data presentation, analysis and interpretation of the study taken from the collected data from women clients towards the effect of harbu credit and saving institution. The questionnaire was created in accordance with the study's predetermined objectives and given to the sampled respondents. Since the study relay on both primary and secondary data, this part of the research mainly contain primary data analysis , secondary data analysis and the Regression result.

#### 4.1. Descriptive Analysis

This part of the study analysis the primary data collected from client of harbu credit institution through questionnaires.

##### 4.1.1 Demographic characteristics of the respondents

**Table 4.1 demographic characteristics of the respondent**

Variable	Categories	frequency	Percentage (%)
Age	18-25	39	25.49%
	26-35	71	46.40%
	36-50	27	17.65%
	above 50	16	10.46%
	<b>Total</b>	<b>153</b>	<b>100%</b>
<b>Educational level of women client</b>	Illiterate	37	24.18%
	Read and write	43	28.11%
	Secondary education	67	43.79%
	Diploma	6	3.92%



	Degree and above	0	0%
	<b>Total</b>	<b>153</b>	<b>100%</b>
<b>marital status of women client</b>	Single	85	55.56%
	Married	61	39.87%
	Divorced	7	4.57%
	<b>Total</b>	<b>153</b>	<b>100%</b>
<b>Job occupation of women client</b>	Jobless	18	11.76%
	Trade	128	83.66%
	government employee	7	4.58%
	<b>Total</b>	<b>153</b>	<b>100%</b>

*Source: - own survey, (2023)*

The above table shown as the characteristics of the respondent by age, educational level, marital status and by job occupation. From this table we can see that 39(25.49%) of the respondent are age between 18-25, 71(35.87%) of the respondent are age between 26-35, 27(17.65%) of the respondent are age between 36-50, and the remaining 16(10.46%) of the respondents are age above 50. This implies that higher percent of institution client are on the age between 26-35. This was not a coincident but an indication of the young women's interest in engaging in income generating activities to earn their livelihood. It also showed the preparedness of young ladies to access microfinance product.

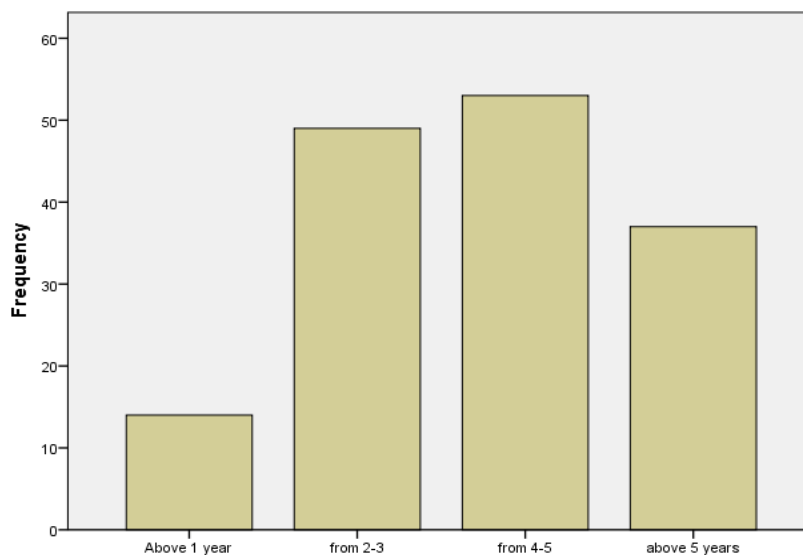
The above table indicated that about 28.11% of the women client of the institution can read and write and 24.8% of the respondents are illiterate. This implies that women who are education level low are using the institution at large. The reason why this group is used the loan effectively? Due to their poverty, they must take out loans to support her and her family. The study analyses that Harbu credit institution enhances poor women society of the city. This may have its own contribution to the livelihood situation of women's.

As the above table indicates majority of harbu credit and saving institution client are single (55.56%), 39.87% are married and the remaining 4.57% are divorced. this indicate why single females, don't have, supporter either husband or son? The above table also shown as majority (83.66%) of the respondent engaged in trade activities. This indicates that the institution is effective and they can easily repay the loan. 11.76% of the respondents are engaged in governmental institutions. 4.58% of the respondent have not job. This is because of the respondent age.

#### 4.1.2 Duration of using the institution

In addition to this study also identified their commitment to keep faith with respective intervention. The number of years the respondent had been client to the HMFI us shown in figure 4.1below

Figure 4.1 Duration of using the institution



Source: - own survey, (2023)

As shown in the above most of the respondents indicated their commitment to keep faith with their respective interventions for reasons that: these microfinance products have helped them to expand their businesses. They had helped them to meet certain social responsibilities in the family. However, those who wanted to back out stated reasons such as high interest rate and inflexible repayment schedule and conditions

The above chart concludes that more than 91% of women's use the institution for more than 2 years. The reason were the target population incorporate women clients of Harbu credit and saving institution users begin form the years, 2021.

#### 4.1.3 Service type of client that engaged in

All customer of the institution engaged both loan and saving services. Given that the policy of the institution requires borrowers to set aside a certain percentage of their loan proceeds. From the study the researcher, investigate that less proportion loaned money use for saving.

#### 4.1.4 Availability of micro finance

**Table 4.2 Availability of micro finance**

	Frequency	Percent	Valid Percent	
Low	15	9.8	9.8	Mean=2.3268 Mode=2.00 Std.deviation=.732 97
enough	82	53.6	53.6	
Valid medium	47	30.7	30.7	
high	9	5.9	5.9	
Total	153	100.0	100.0	

Source: - own survey(2023)

The above table describe the availability of micro finance, from the collected data 97 respondent say the availability of micro finance were low. This implies that the government and other

stakeholder should pay high emphasis for the establishment of new micro finance that play significant role on women's empowerment.

#### 4.1.5 Loan and saving interest rate charged by the institution

**Table 4.3 Overall institution loan and saving interest rate**

Description		Frequency		Mean	Mode	Standard
		N	In %			
Loan interest rate	Enough	8	5.2	3.0196	3.00	0.75629
	Medium	18	11.8			
	High	90	58.8			
	Very high	37	24.2			
	Total	<b>153</b>	<b>100</b>			
Saving interest rate	Enough	32	20.9	1.9477	2.00	0.63651
	Medium	100	65.3			
	High	18	11.8			
	Very high	3	2.0			
	Total	<b>153</b>	<b>100</b>			

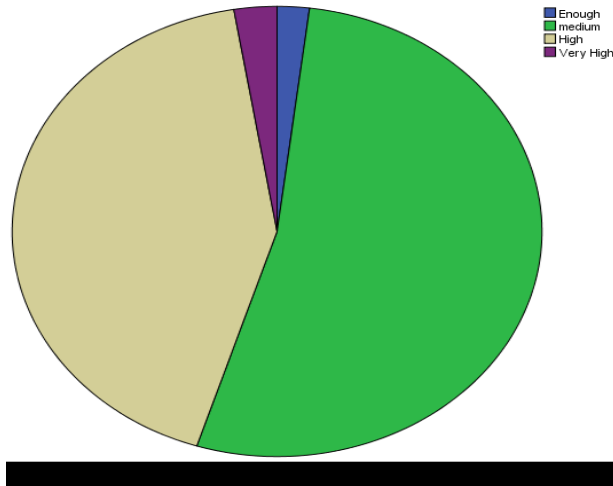
*Source: - own survey(2023)*

The study tries to see loan and saving interest rate set by the institution. The above table shows the reliability of interest rate set by the institution. From the collected data, large percent (58.8%) the respondent say interest rate charged for loan (18.5%) is not fare it is too high.

Whereas, 65.4% of the respondents say interest paid for saving money is low, which is 7%. Therefore, the saving habit of clients are less and it discharge saving habits of the clients.

#### 4.1.6 The administration level of the institution

Figure 4.2administration level

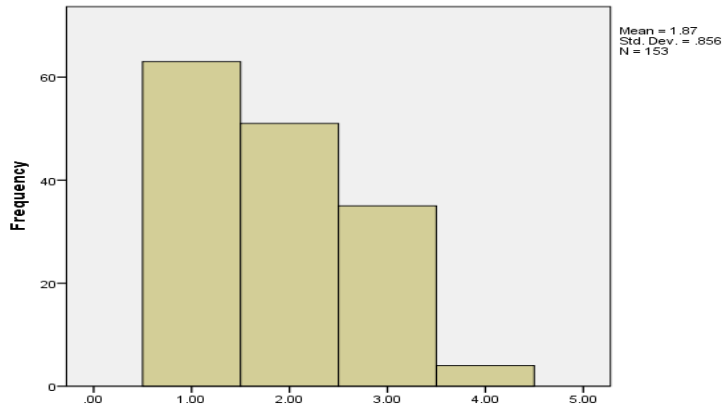


*Source: - own survey(2023)*

The above chart describes the administrative structure of the microfinance. From the collected data 54.9% says the overall administration of microfinance were low. This implies that harbu microfinance institution must adjust their administration structure. 42.5% and 2.6% of the respondent says the administrative structure of the institution were high and very high respectively.

#### **4.1.7 Time taken to get the loan**

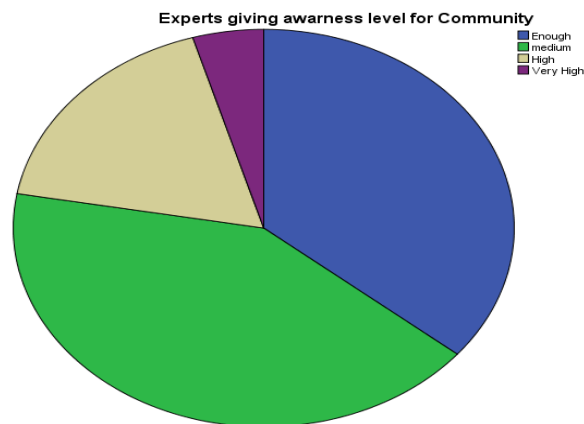
Figure 4.3 time taken to get loan



Source: - own survey(2023)

From collected data 41.2% of the respondents are say the system is easy and it take less time to get loan from the institution, 33.3 % of the respondent respond medium. Therefore, they say it takes to short time if client full filed all required documents. as the above histogram, large percent (74.5%) of respondent are satisfied on the institution service and only 25.5% percent of the respondents are dissatisfied with the institution services. This indicates that, even if all customers are not highly satisfied most of them are satisfied.

Figure 4.4 expert giving awareness



Source: - own survey(2023)

The above pie chart shows level of awareness creation by employees. 41.8 percent of respondent say employees give awareness before and after the client get money. Women who participated in

training were more likely to improve their attitude and business skills than those who did not. The quantity of training has a significant impact on women's economic empowerment. Regular training is crucial, especially in the beginning. Microfinance offers instruction on how to use loans, how to launch new businesses, and how to grow existing ones. This guarantees that women continue to be dedicated to their business and are able to make plans for its operation in ahead. From this the researcher understands that, the overall system of the institution is not bad.

#### 4.1.8 Primary job before and after they get loan

Table 4.4 primary job before and after joining the institution

Description		Frequency		Mean	Mode	Standard
		N	In %			
Primary job before loan	No job	93	60.8	1.5556	1.00	0.75992
	Gov't employee	35	22.9			
	Trade	25	16.3			
	Total	<b>153</b>	<b>100</b>			
Primary job after loan	No job	18	11.8	2.5882	3.00	0.69329
	Gov't employee	27	17.6			
	Trade	108	70.6			
	Total	<b>153</b>	<b>100</b>			

Source: - own survey(2023)

The above table describe before joining the institution 60.8% of women's have not any job 22.9% were government employees and 16.3% were participating in trading activities. This indicate that majority of women's were dependent either on their families or on their husband.

The above table also describe after joining the institution 108 women's participating in small scale trading activity like opening small kiosk. This indicate that harbu microfinance institution

play a significant role in economically empowering women's. 27 of them were still on government employee and the remaining 18 have no job.

#### 4.1.9 Saving habit before joining the institution and amount of money they save

Table 4.5 saving habit and amount of money they save before joining the institution

Description		Frequency		Mean	Mode	Standard
		N	In %			
Saving habit before joining the institution	Yes	51	33.3	1.6667	2.00	0.47295
	No	102	66.7			
	Total	<b>153</b>				
Amount of money they save	10-100	27	17.6	3.8235	5	1.69450
	101-500	24	15.7			
	501-1500	0	0			
	Above 1500	0	0			
	No	102	66.7			
	Total	153	100			

Source: - own survey(2023)

The above table indicates that before they get loan 66.7 percent of respondents have not saving habit. Only 51(33.3%) have saving habit. The above table also identify that from 51 women's who have a saving habit before joining the institution 27 of them can save up to 100 birr and the remaining 24 can save up to 500 birr.

#### 4.1.10 saving habit after joining the institution and amount of money they save

Table 4.6 saving habit and amount of money they save after joining the institution

Description		Frequency		Mean	Mode	Standard deviation
		N	In %			
Saving	Yes	153	100	1.00	1.00	0.00



habit after joining the institution	No	0	0			
	Total	<b>153</b>	<b>100</b>			
Amount of money they save	10-100	9	5.8	2.4706	2.00	0.71689
	101-500	74	48.4			
	501-1500	59	38.6			
	Above 1500	11	7.2			
	No	0	0			
	Total	<b>153</b>	<b>100</b>			

*Source: - own survey(2023)*

After they get loan from harbu credit and saving institute 100 percent of respondent can save money. The policy of the intuition says when somebody takes loan from the institution they must save some percent from the loan money that he/she get. This implies saving trends improved due to institution policy. Savings can be used to cover unexpected expenses, to pay for large purchases or investments, or to balance off consumption. As a result, the loan program encourages women to save more, enhancing their ability to manage their finances.

After they get loan above 48.4 percent of clients can save 100-500 birr, 38.6 percent can save 501-1500, 7.2 percent can save above 1500 and the remaining 5.8 percent can save less than 100 birr. This implies harbu credit institution encourages saving habits of women's. As we know as saving increases, consumption also increases. Thus, women can buy or do, as they want.

Savings would therefore enable female clients to grow their enterprises and invest in new endeavors that may enable them to boost their sources of income. Women might also use their savings to fund significant home expenses. The increased financial independence of women in the home will increase their share of household income and expenses, which will boost their level of involvement in household decision-making.

Women's participation in the microfinance program significantly improves the amount of assets they own. The loan program tends to lessen women's financial dependence on the household by giving them a reliable source of income outside the home. Along with the loan fund, the clients who are women were able to purchase some assets and pay for various house upgrades with the support of the loan's business activity income, which contributed to their increased financial independence.

#### 4.1.11 Effect on Household Decision-Making

In our nation, the person who handles household expenses most of the time becomes the decision-maker in the home. The most important indicator of women's economic empowerment is their level of involvement in household decision-making. Respondents were asked to indicate their level of decision-making status in various household activities, such as enjoying oneself, choosing how much to spend on school expenditures, etc., in order to study the effects of the Harbu microfinance program on women's decision-making inside the family.

Table 4.7house expenditure before and after they get loan

Description		Frequency		Mean	Mode	Standard
		N	In %			
Who was covering expenditure before get loan	Me	14	9.2	2.45110	3.00	0.65836
	My husband	56	36.6			
	My parent	83	54.2			
	Total	<b>153</b>	<b>100</b>			
Who was covering expenditure after get loan	Me	107	69.9	1.3660	1.00	0.60428
	My husband	36	23.6			
	My parent	10	6.5			
	Total	<b>153</b>	<b>100</b>			

Source: - own survey(2023)

The above table indicates that only 9.2% of women are able to cover house expenditure and participating in household decision making activity before getting loan. Majority of(90.8) housing expenditure were covered by either their parents or families.

The above table also shows that 69.9% of the respondents after loan, women are able to cover her child schooling, house expenditure and become a decision maker in different activities after they got loan from the institution. This implies that harbu credit institution have critical role on women economic empowerment.

So that loan has improved their decision role in household / domestic issues and before access to credit most of household/ domestic decision has been made by either their husband or families. Similarly, when it is time to decide on buying household clothing items, women's garments and

ornaments, and school expenses, matured women clients were in a better position in participating in decisions.

#### 4.2 Secondary data analysis

Even though the study primarily relies on primary data, secondary data is also used to examine loan changes over time and the gender ratio of borrowers. This is crucial in order to offer advice.

Table 4.8 Trends and female male ratio of loan from 2021-2023

	2021	2022	2023
Female	710	1055	1153
Male	520	490	530

*Source-secondary data*

The above table show demand to loan or client of harbu credit and saving institutions are increase from year to year. Females are taking higher loan as compare to male.

Some of the reason why females take higher share on loan

- Most of clients are unmarried they haven't money to cover day to day activities(they are depended)
- the policy of harbu to give loan for female client firstly

Thus, micro finance institutions are important to empower women's specifically and country development in general.

## **CHAPTER FIVE**

### **5 SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1SUMMMERY**

Due to a variety of factors, women in Ethiopia are disadvantaged in terms of economic, social, and political empowerment. Therefore, as a realistic strategy for eradicating poverty and promoting development. The study focused on the HMFII microfinance program as it looked at the impact of microfinance on the economic empowerment of women. According to the study's findings, women who had access to credit were in a better position to make domestic decision than their counterparts who did not. According to this study, women are increasingly recognized as agents of societal change and development, and as a result, empowering them may be very beneficial to society. As a result, microfinance has a gender component.

The study's indicate that micro financing has had a beneficial effect on the economic empowerment of women. The majority of harbu's clientele who are adult women have increased access to and control over their assets. In this aspect, women now own and control economic resources like modest kiosks and higher-quality homes. Additionally, customers' households have improved thanks to income from activities sponsored by loans. When compared to newly acquired customer, it has been discovered that mature clients possess their assets most effectively. Women's participation in the harbu microfinance program has also contributed

substantially to the improvement of their income and life. In terms of their higher income levels and greater control over their earnings, mature clients have been proven to be in better economic standing. The financing program assisted clients in pursuing income-generating endeavors in order to diversify their sources of support.

Similar to this, the loan program helped clients who were women develop the habit of saving and gave them more control over their savings today. Most HMFI clients now have deposits in harbu, demonstrating that even the poorest women have access to saving opportunities. The harbu intervention has had a substantial impact on the involvement of women in household decision-making. Over time, women clients' ability to make decisions has increased. Thus, the clients are now able to make decisions by themselves and on expenses for household items like clothing and garment, self-ornaments and other items, and school expenses. According to the study, the intervention of the harbu loan program was favorably connected to increases in personal cash savings, average annual household income, and asset ownership. Accordingly, it was asserted that women's involvement in important household decisions increases as a result of their contribution to household income and family welfare. By offering financial services to those who lack access to or are ignored by commercial banks and financial institutions, microfinance plays a key role in the economic empowerment of women and as an effective instrument to combat poverty.

## 5.2 CONCLUSION

The study's findings indicate that microfinance has had a favorable effect on the economic empowerment of women. The increase in women's income has also been largely attributed to their involvement in the HMFI program. The majority of HMF's female clients have increased access to and control over their assets. In this sense, women increasingly own and manage economic resources like better homes and animals. Additionally, clients' families have improved thanks to income from loan-financed activities.

By engaging in money-generating activities like small scale trading which are useful indicators of decision-making on the usage of loans in the regression model, the loan program assisted customers in diversifying their sources of income. Similar to this, the loan program helped

clients who were women develop the habit of saving and gave them more control over their savings today.

In light of this, it was stated in the descriptive analysis that women's participation in important household decisions increases as a result of their contribution to household income and family welfare. In general, this study had shown that the microfinance service program was favorably connected with decision-making on using a loan as a measure of women's economic empowerment.

The study's conclusion was that, despite the need for more work, the microfinance service provided by the harbu Micro Financing Institution in Addis Ababa has been positively affecting women's economic empowerment in the study area service program and has improved their economic status.

### **5.3. RECOMMENDATION**

Based on the conclusions drawn, the researcher forwards the following recommendations;

**1.** harbu credit and saving institution should broaden its service coverage in order to reach the women who require the microfinance service to women clients to grow their businesses, as the study's findings indicated that microfinance had a favorable effect on the economic empowerment of women.

**2.**Microfinance institutions should hold proper client meetings where they explain how loans can be used to meet the legitimate business needs of rural women while also addressing the underlying issues that lead to these women's lack of power.

**3.** Government in general city administrative office in particular should give attention to this sector and give awareness to the society to change attitude and norms of male domination. Women's empowerment in both social and economic aspects is greatly influenced by government policies on the status of women. The needs of poor women could be better met if the government and other developmental partners collaborate to address these problems. In addition to addressing women's urgent needs, strategies to

end women's under-empowerment must target the underlying causes of women's powerlessness.

4. Women should receive some special treatment, such as a unique interest rate, to maintain and promote their involvement in the loan system.

5. The majority of microloan customers dislike the high interest rates. Therefore, Harbu Credit and Saving Institution must change its interest rate in order to draw in more female customers and fulfill the goal of women's economic empowerment.

## **REFERENCE**

1. Adeline Kayiranga,(2009). Contribution of microfinance in women empowerment. microfinance handbook: Washington dc :the world bank
2. Amin, R.Becker ,and Bayes.A,(2008). NGO promoted microcredit program and women's empowerment in rural Bangladesh quantitative and qualitative evidence. The journal of developing areas
3. Belay mengiste and amanpreet singh (2020) Ethiopian Women Economic Empowerment through Microfinance Indian Journal of Finance and Banking; Vol. 4, No. 2; 2020
- 4 . Belay Assefa, (2001). best practice in microfinance lesson to ethiopia. a paper presented international workshop on microfinance,mekelle university, ethiopia
5. Cheston.S and S.M Khun.L,(2002). empowering women through microfinance, drafted sponsored by UNIFEM
6. Huma Rehman, Amani Moazzam and Nighat Ansari(2015) Role of Microfinance Institutions in Women Empowerment: A Case Study of Akhuwat, Pakistan Research Journal of South Asian Studies Vol. 30, No.1
7. Mula G.\* and Sarker S. C (2013) Impact of microfinance on women empowerment: An economic analysis from Eastern India Department of Agricultural Economics, Uttar Banga Krishi Viswavidyalaya, Pundibari, Cooch Behar, West Bengal – 736165, India.

8. Nuri Lefebo AND Meaza Melese(2020) Effect of Micro-finance on Women's Economic Empowerment A Case-Study of Omo-microfinance Institution, Lemo District,Hadiya Zone, Southern Ethiopia
- 9.OJO Olu (2009) impact of microfinance on entrepreneurial development: the case of Nigeria The International Conference on Economics and Administration, Faculty of Administration and Business, University of Bucharest, Romania
10. Perways AlamAND Imran Azad(2021) Impact of Microfinance on Income and Employment of Women in Jigjiga, EthiopiaInternational Journal of Economics and Business Administration Volume IX.
11. Sonia Maria Hernandez(2019)The Impact of Microfinance on Women's Empowerment: Evidence from Rural Areas of UgandaHonors Thesis submitted in partial fulfillment of the requirements for Graduation with Distinction in Economics in Trinity College of Duke University.
12. Tesfaye Melaku ,Jemal Abafita and Esuablew Ayalew(2019)Impact of micro-finance on women's economic empowerment: a case study in gimbo woreda, south nation, nationalities and peoples region, Ethiopia.Journal of International Trade, Logistics and Law, Vol.
13. Taye chimdesa (2014) the impact of microfinance financial services on the economic empowerment of women: the case study of wisdom micro financing institution s.c, at woliso woreda. A Thesis Submitted to St.Mary's University, School of Graduate Studies in Partial Fulfillment the Requirement for the Degree of Master of Science in Agricultural Economics.



**APPENDIX I**  
**QUESTIONNAIRE**  
**St merry University**  
**Department of business administration**

Questionnaires to be filled by women that are users of microfinance (specifically harbu MIF). The purpose of this questionnaire is to gather relevant data that will be used in undertaking a study entitled as “the effect of microfinance on women economic empowerment” in case of Addis Ababa. The researcher is Melkamu Tantigegn Taye currently MBA student in St merry university. Since the success of this study dependant on utmost cooperation of all targeted respondent, the information that will be obtained from the questionnaire will not identify individual respondent in the study. That means, your response will be used in aggregate terms. We would also like to assure you that, the information you provide will be solely used for academic purpose only and the will be treated with strict confidentiality.

*YOUR KINDLY COOPERATION IS APPRECIATED IN ADVANCE!!*

Please put tick mark (X) on the box provided and write your answer for those open ended questions.

Respondent general information:

1. Age

18-25 ☐ 26-35 ☐ 36-50 ☐ above 50 ☐

2. Education level

Illiterate ☐ read and write ☐ secondary education ☐  
Diploma ☐ degree and above ☐

3. Job occupation

No Job ☐ trade ☐ government ☐ other ☐

4. Marital status

Single ☐ married ☐ divorced ☐

Main questions

1. How long you use the institution?

1. Above 1 year ☐ 3. From 4-5 year ☐  
2. from 2-3 ☐ 4. above 5 year ☐

2. What kind of service you get from microfinance?

Loan ☐ saving ☐ both ☐

3. Do you think the available microfinance's are sufficient for all society?

Low ☐ enough ☐ medium ☐ high ☐

4. Overall institution loan and saving interest rate

Degree	Loan interest	Saving interest
Enough		
Medium		
High		
Very high		

5. What is the level of the overall administration structure of microfinance institution?

Low ☐ enough ☐ high ☐ very high ☐

6. if your answer for Q no.5 is low what is your general comment?

---

---

7. How long it takes to get loan?

Low ☐ enough ☐ high ☐ very high ☐

8. Experts giving awareness level for community.

Low ☐ enough ☐ medium ☐ high ☐

9. The comparability of money you get from the institution and your plan.

Low ☐ enough ☐ medium ☐ high ☐

10. What is your primary job before you get loan?

No job ☐ government employee ☐ trade ☐ other -----

11. What is your primary job after you get loan?

No job ☐ government employee ☐ trade ☐ other -----

12. Do you have saving habit before you get loan from the institution?

Yes ☐ no ☐

13. If your answer is yes for question no.12 how much you save per month?

10-100 ☐ 101-500 ☐ 501-1500 ☐ above 1501 ☐

14. Do you have saving habit after you get loan?

Yes ☐ no ☐

15. If your answer is yes for question no.14 how much birr you will save for month?

10-100 ☐ 101-500 ☐ 501-1500 ☐ above 1501 ☐

16. Who was covering house expenditures before you get loan?

Me ☐ my husband ☐ my parent ☐ other -----

17. Who was covering house expenditures after you get loan?

Me ☐ my husband ☐ my parent ☐ other -----

THANK YOU!! ☐

☐

