Research Article

Women Empowerment through Micro Credit in Selected Districts of Amhara Region, Ethiopia

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Abstract

The aim of the study is to address these issues to empower the women through micro credit in selected districts of Amhara region. There was evidence that micro credit brings about changes in the family well-being, spending habit, health awareness, participation in decision making, improvement of social status. Micro finance Institution is a formal financial institution in Ethiopia which helps in availing financial services such as interest free loan without collateral to the rural poor. Validated scale measures were presented in a cross-sectional field study survey of 525 rural women was taken for the study purpose in Chilika, East Dembiya, and Lay Armachiho of Amhara Region, Ethiopia. SMART PLS 3 version was for analyse Structural Equation Model and PLS Path Model. The study shows that the assessment of Intervention effect relationship is the relationship between women empowerment and Micro credit. Thus, Women empowerment is improved when there are relationships between the improvement in income aspects and their improvement in standard of living. The policy makers can focus on the following subjects and plan suitable policy to strengthen the impact of Women Empowerment. The male family head of the families can play a supportive role of female members to improve the performance. The required training related to the business can be provided to increase their marketability of their product and services. NGOs can support women members to enhance their performance in the aspect family as well as business apart from credit. This exploratory research is novel, examining the impact of women empowerment through micro credit. Respondents from Amhara region, Ethiopia came from the origins of micro credit, and are seldom sampled. Despite being confined respondents with few alternatives, micro credit borrowers of women are very sensitive. This micro finance service is also expressively related to empowerment of women.

Keywords: Financial services, women empowerment, rural women, micro credit, interest free loan.

Introduction

Micro credit is playing very important role in providing financial services to the poor. It helps women in strengthening their financial status and economic empowerment. It is a tool to reduce the poverty, lower standard of living, gender discrimination. Lack of awareness about the microfinance programs, women's personal life and social life. It considered women and provides the various monetary benefits to their family in various aspects such education, health and improved standard of living. Micro finance programs have increased income of the women as well as increase their saving habits. It also enhanced their economic, social and psychological empowerment of the rural women. It helps rural women to take part in family issues and decision making.

Impact of women empowerment and micro credit helps the rural women in various aspects such as improvement in Self-Confidence, level, Enhanced Standard of Living, Leadership skills, Communication skills, Health awareness, Decision making, Banking operation awareness, Women's Status and Gender Relations in their Home, Family Relationships and Domestic Violence, Women's Involvement and Status in the Community, Women's Rights and Political status. Micro finance institutions encourage the rural people and provide micro credit and loans to farmers, small business and rural women. It introduces the financial services to the rural communities without any collateral securities not like conventional banking. MFIs have taken initiative to uplifting and women in Ethiopia.

Empowerment of women provides strengthen to face the challenges. The reasons for women disempowerment due to their family burden, income level, educational status, family status, employment opportunity etc. Micro credit is small amount loan provided to the rural poor. It is effective tool to elevating poverty or reducing the poverty. The unavailability of credit facility to the women is the main problem as the powerful asset of the nation.

Micro credit is considered for the rural people who belongs to weaker section in the community and who are unable to access the financial services and their needs. Main purpose is to make investment, promote the development without any collateral security. The concept was initiated by Dr.Muhammed Yunus is Bangladeshi social entrepreneur to provide financial assistance to the poor people who founded Grameen Bank. The research work is based on women empowerment is possible by access micro credit and women empowerment indicates the step towards alleviating poverty. Women empowerment is important to face the challenges of gender discrimination, issues related to poverty, unemployment, health awareness, community participation and political aspects. Women are more vulnerable to the poverty issues and always depend on men. The present study focuses on the significance in alleviating poverty. Women are disempowered in the society due to various reasons like financial problem, gender discrimination, religious issue, cultural aspects and social aspects. The objectives of the study are to analyze the relationship between women empowerment and micro credit availed by the women members and also provides suggestions to strengthen the women empowerment through Micro credit.

Materials and methods

Study design: The present study is based on descriptive survey method. The sample size of the study consists of 525 respondents in in Chilika, East Dembiya, and Lay Armachiho of Amhara Region, Ethiopia. Primary and secondary data were collected from the respondents. A structured questionnaire was used to collect the information for the study purpose. The questionnaire was prepared and distributed for collection of data. Women who availed micro credit from micro finance Institutions were selected for the research purpose and data were analyzed. The respondents investigated the role of microcredit towards elevating poverty. SMART PLS 3 Version has used for analyzing the data.

Results and discussion

Structural model: The study is helpful to assessment of structural equation model. The structural equation model was assessed after the validity and reliability test and the measurement model was established.

The purpose of assessing the structural equation model was to test the research hypotheses using the bootstrap re-sampling procedure with the help of SMART PLS. In this procedure, the strength of associations between the independent variable and dependent variable were assessed and the values were demonstrated through the β values and t-statistics for the study.

PLS path model and hypothesis: The theoretical framework developed for the study purpose is based on SEM model on women empowerment through micro credit framework has developed and shown in Fig. 1. With a general review of women empowerment literatures, structural equation model using component based PLS path modelling is constructed by setting up five hypotheses with 20 attributes for results purpose.

H1 – There is a positive and significant relationship between women empowerment and improvement of Income aspects

H2 – There is a positive and significant relationship between women empowerment and Leadership and Decision making skills

H3 – There is a positive and significant relationship between women empowerment and Standard of living

H4 – There is a positive and significant relationship between women empowerment and their Involvement

H5 – There is a positive and significant relationship between women empowerment and Micro credit

In Fig. 2, the path coefficients show that women empowerment on micro credit have positive significant impacts on income aspects (β = .892, t = 21.861, p = 0.00), standard of living (β = .798, t = 7.762, p =0 .00), and leadership and decision making skills (β = .876, t = 2.864, p = 0.00), women involvement (β =0 .834, t = 0.821, p =0.00) at the significance level of 0 .01. Hence, H1, H2, H3 and H4 are supported by the analysis result. It was found to have positive significant impacts on women empowerment through micro credit at the significance level of 0.01. The $R2$ values in the endogenous latent variable in the structural model showed that women empowerment on micro credit explained 79.3% and $R2$ adjusted explained as 78.1% of variance in income aspects of the women members, leadership and decision making skills, standard of living and women involvement in the community.

Reflective measurement model: The purpose of evaluating the reflective measurement model is to assess the adequacy of measures which is to access whether the items show sufficient reliability and validity in the given data. This model evaluates the following variables such as convergent validity, discriminant validity, and reliability. Convergent validity was assessed to confirm the items are measuring the same in the given data.

Fig. 1. Conceptual model.

Fig. 2. The result of path analysis.
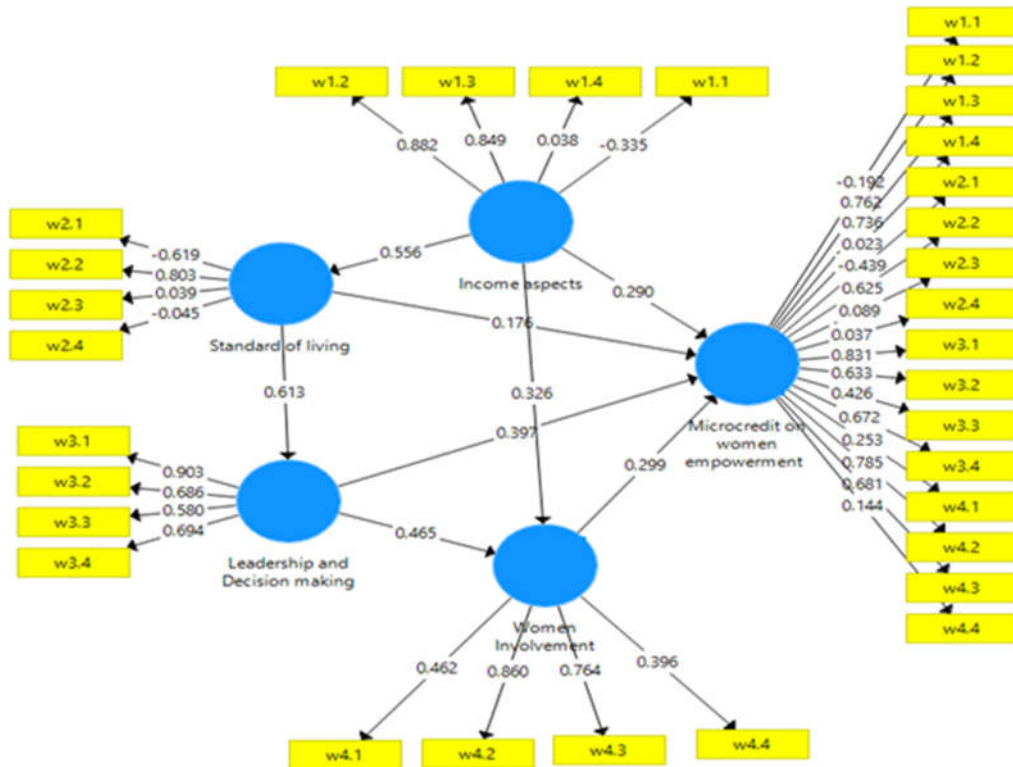
Note:*= p<0.05. **=p<0.01

Table 1. Assessment of the convergent validity of constructs.

Constructs	Items	Item loading	Cronbach's α	Composite reliability	AVE	R2	R2 adjusted	Q2
Income aspects	5	0.716-0.782	0.793	0.812	0.526			
Leadership and Decision making	5	0.761-0.827	0.741	0.866	0.590			
Microcredit on women empowerment	16	0.834-0.849	0.741	0.864	0.603	0.793	0.781	0.379
Standard of living	5	0.717-0.873	0.892	0.712	0.557			
Women Involvement	5	0.795-0.893	0.717	0.731	0.626			

Note: AVE = average variance extracted.

Table 2. Assessment of the discriminant validity of constructs.

Constructs	Income aspects	Leadership and Decision making	Microcredit on women empowerment	Standard of living	Women Involvement
Income aspects	**0.635**				
Leadership and Decision making	0.689	**0.725**			
Microcredit on women empowerment	0.853	0.913	**0.639**		
Standard of living	0.556	0.613	0.752	**0.627**	
Women Involvement	0.642	0.685	0.860	0.595	**0.653**

Note: AVE = average variance extracted.

Table 3. Assessment of structural model.

Hypothesis	Relationship	Standard beta	Standard error	t-value	Decision
H1	Income aspects → Microcredit on women empowerment	0.892	0.039	21.861	Supported*
H2	Leadership and Decision making → Microcredit on women empowerment	0.798	0.027	7.762	Supported*
H3	Standard of living → Microcredit on women empowerment	0.876	0.032	2.864	Supported*
H4	Women Involvement → Microcredit on women empowerment	0.834	0.041	0.821	Supported*

*p<0.05

Table 4. Assessment of intervention effect relationship on women empowerment.

Hypothesis	Indirect effect			Standard error	t-value	Bootstrapped confidence interval	
	Path a	Path b	a*b			95% lower limit	95% upper limit
H5	0.821	0.729	0.598	0.005	6.924*	0.512	0.840

*p<0.05.

Assessing convergent validity are factor loadings, average variance extracted (AVE), and composite reliability. Loadings of all items should exceed the value of 0.5 as recommended by Hair *et al.* (2014) as shown in the Table 1. AVE should be >0.5 as recommended by Barclay *et al.* (1995). The AVE measures the variance captured to measurement error by the indicators relative to validate using a construct. A value of AVE exceeding 0.5 validates that more than 50% of the variance of the construct is due to its indicators as per the analysis. Results show that the AVE is between 0.526 and 0.626. The CR values are between 0.712 and 0.866, which are >0.7 as suggested by Fornell and Larcker (1981). All items have adequate reliability assessment scores as indicated by the CR values.

The following step is to assess the discriminant validity of constructs; the extent that items is measuring different concepts as suggested by Garver and Mentzer (1999). Discriminant validity can be assessed by comparing the square root of all AVE for each construct are given in the data. So, that they exceeded all the inter-factor correlations between each construct of the variable given. The Table 2 indicated that, the measurement model has adequate level of discriminant validity. It is confirmed from the values of the square root of all AVE values for each construct that exceeded all the inter-factor correlations between that and each other construct for each construct. It can be used for further testing the structural model and concluded that all items have sufficient validity and reliability.

The Table 3 indicated that, the relational norms exhibited a strong positive influence (β = 0.892, t-value = 21.861, P < 0.05) on relationship income aspects results from the structural model. Relationship leadership and decision making skills showed a strong positive influence (β = 0.798, t-value = 7.762, P < 0.05) on micro credit on women empowerment. Relationship standard of living showed a strong positive influence (β = 0.876, t-value = 2.864, P < 0.05) on micro credit on women empowerment and Relationship leadership and decision making skills also showed a strong positive influence (β = 0.834, t-value = 0.821, P < 0.05) on micro credit on women empowerment. Thus, the results find that, support for H1, H2, H3 and H4 relational norms have significant influence on the micro credit on women empowerment. The Table 4 shows that, the bootstrapped estimate of the indirect effect is estimated to lie between 0.729 and 0.821 with 95% confidence level, because zero is not in the 95% confidence interval. It can be concluded that the indirect effect is indeed significantly different from zero at P < 0.05 as suggested by Preacher and Hayes (2004). Thus, hypothesis H4 is supported, in which relationship quality mediates the link between women involvement and micro credit on women empowerment.

The value of variance accounted for of 51.2% indicates that relationship on women empowerment is a partial Intervention as suggested by Hair *et al.* (2014).

Conclusion
The study result reveals that, the women empowerment through micro credit among rural women in Amhara region, Ethiopia. Micro credit is powerful tool to elevating poverty. It strengthens women's financial and economic condition. The researcher has analyzed to find out the women empowerment through micro credit which brings about changes in the condition of household, their family life and status in the society. Majority of the respondents benefited through micro finance services and their economic empowerment is improved. Micro finance institutions are providing micro credit and micro savings to uplift the women empowerment to elevating poverty. Micro credit services should focus on the women empowerment and rural sustainability.

Recommendations
Providing training related to the small business to the rural communities which strengthen them for women empowerment. Guiding women towards management of work life balance. Motivate women to develop leadership quality in the rural community and guiding women to use new technologies to strengthen their farming activity. Provide necessary marketing information and create awareness about the market through extension services.

Implications of the study
The policy makers can focus on the following subjects and plan suitable policy to strengthen the impact of Women Empowerment. The male family head of the families can play a supportive role of female members to improve the performance. The required training related to the business can be provided to increase their marketability of their product and services. NGOs can support women members to enhance their performance in the aspect family as well as business apart from credit. The Government of Ethiopia must take initiation to help Women members for the empowerment and NGOs should focus on the training on the small business activity for empowerment and marketing of their products for improve their financial aspects on a regular basis. Banks and financial institutions should help the women members by providing the adequate financial facilities.

Further of future Research
The consequences of the study and the information's collected will be helpful for future study on the impact of women empowerment through micro credit. Leadership opportunities and decision-making skills and efficient training to empower the women can be focused for

research. Initiatives of financial institutions such as formal and informal Institutions and its impact on economic indicators should help the women member for empowerment. Enhancing women in management aspects of leadership, decision-making, playing important role in the community, governance and in women entrepreneurship. Programme related women empowerment designing to eliminate gender inequalities and eliminate poverty in the rural community.

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