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### RESEARCH ARTICLE

#### ASSESSMENT OF ACCOUNTING RECORDS OF RURAL WOMEN SELF-HELP GROUP IN ETHIOPIA CASE STUDY OF WOLAITA ZONE, SODO ZURIA WOREDA.

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#### Abstract

The study was focus on the assessment of accounting record of rural women shelf help group in case of Ethiopia especially in Sodo Zuria woreda. The researcher used descriptive research design to describe the existing situations of Women shelf help group. Both primary and secondary data was employed to collect data from members in the study area. Primary data was collected through questionnaires, interview and observation. Open ended and five liker scale questionnaire was prepared in English and translated to local language. The total populations of the study were 4 kebeles and 480 women shelf help group members. From the total population, the .researcher purposively select 2 kebeles from 4 kebeles by considering recent activities of the group and year of establishment. Accordingly randomly select 100 women shelf help group members from the total populations. The researcher used both qualitative and quantitative research approach to analyze data. All the data were collected from the members on the weekly meeting day of the group. The study reveals that rural women shelf help groups were not fully record all accounting events by using source documents and vouchers. The capacities of the recorders are not enough to record and reconcile all the accounting transaction for the group. Some of the basic accounting transactions were not fully recorded by the members and their groups. Group Income Generating Activities (IGAs) income and expense was not assessed and recognize accurately. The researcher conclude that, Rural women shelf help group members and recorders should record all accounting transactions and events by using flip, vouchers and register book immediately. Updating of accounting record is needed for rural women shelf help group to take loan from other institution or to link with other financial institutions. Government, especially cooperative office, universities and donors should encourage, support and provide different capacity building training for women shelf help group members.

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#### Introduction:-

People have formed groups with others who have something in common with them, and people who have socially and economically oppressed also joined together to overcome the barriers they face. Self Help Group is about people coming together with others who are affected by a particular issue (experience, disadvantage, discrimination

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exclusion and the like) to support each other and to work together to change the disadvantage affecting them. The activities that the groups perform include community education, information, mutual support, financial support and the like. It is an association of 10 to 20 local individual members who are financially weak and from the same socio-economic backgrounds

Formal financial system not allows of the rural poor women. Though, they are small and unorganized, exclusion of those segments from the access to finances will not yield the desired result, on the expected lines. Self Help Group (SHGs) program is an emerging and cost effective mechanism for providing financial services to the poor. This approach has been successful in meeting financial needs of the rural poor women and in strengthening collective self help capacities of the poor, which has increased their empowerment (Manu, 2008). Self Help Groups and local financial intermediaries have gained wide recognition in most developing countries. In Ethiopia also attempted such things at local level.

The approach recognizes that poor people have untapped potentials to help themselves with only limited external support provided for capacity building (Eiden & Grothe, 2012). In Ethiopia rural poverty is a major problem in the way of achieving desired growth rate and desired pace of development. To eradicate poverty the group approach was introduced by Kindernothilfe and Tearfund (foreign charities), in partnership with the Ethiopian Kale Heywet Church (EKHC) and Jerusalem Children and Community Development Organization in 2002 E.C. In this respect Self Help Groups (SHGs) is an effective medium for generation of self-employment. To some extent the Self help group are successful in raising the earning capacity of the people engaged in it. Self help groups have played a big role in speeding up economic development of the country especially study area. The main approach of SHG is to empower people especially the women. The Shelf help group have also contributed significantly. It improved the socio-economic condition of the members (Das and Bhowal, 2013).

#### **Statement of the problem:-**

The Self help Group approach has proved successful in fighting poverty without direct external funds; revitalizing the traditional social insurance systems; pioneering grassroots empowerment of women; and improving community life. Close to 18,000 Self Help Groups currently operate in Ethiopia but not all women self help groups record accounting transaction efficiently and effectively. Women face more challenges and fewer opportunities, when it comes to income generating projects (GoK, 2007). These social and economic constraints bring about poverty across generations. With increasing opportunities in the informal, small-scale enterprise sector women can now use these avenues for their economic advantage. Women self help group enable poor women to come together, to analyze their issues and problems, and to fulfill their needs has been strongly advocated in countries like Indian, Bangladesh and Pakistan (Vetrivel&Mohanasundari, 2011).

Though, a number of the studies on women Self Help Groups have been conducted in India particularly in relation to economic empowerment, SHGs efficiency (Sahu & Das, 2006). There have been few studies conducted in Kenya, for instance Sambu (2003) studied the impact of women participation in self-help groups on self economic empowerment in Nakuru County. Aga Khan Development Network (AKDN, 2010), conducted a study “On the Permanence and Value of Savings Groups in Kenya’s Community Savings Mobilization Project Community Savings Mobilization Project (COSAMO) program” in Nyanza province, Western Kenya. Zegaye & etal (2018) conducted a study on “the economic impact of SHG in Ethiopia, Wolaita Zone, Damot Gale woreda”. Although all these studies relate to WSHGs and not assess the accounting records of Women shelf help group in Ethiopia. The study presented a knowledge gap, thus, the need to undertake a study on the assessment of Accounting record/record keeping/ of WSHGs in Ethiopia, especially in Wolaita Zone soddo Zuria woreda.

#### **Objectives:-**

The main objective of this study is assessment of record keeping of women self help group in Sodo Zuria woreda and the specific objectives of the study are

1. To identify the existing accounting record of WSHGs in Sodo Zuria woreda.
2. To identify the level of accounting record of WSHGs in Sodo Zuria woreda
3. To identify factors that affect record keeping of WSHG in Sodo Zuria woreda.

#### **Scope and significance:-**

This research study focused on the assessment of accounting record of Women Shelf Help Groups. The study was limited to Soddo Zuria Woreda. The findings of this study are intended to benefit Women Self Help group members

in Ethiopia and particularly in study area. So that they clearly understand their accounting record. The policy makers within the study area and the county can use the findings to enhance women empowerment when formulating policies. Findings and recommendations of this study used for donors and other aid organizations to take action for WSHGs in Ethiopia, as well as it used as the reference for other academician and researchers.

#### **Review of literature:-**

##### **Shelf Help group:-**

Self Help Groups are Self-governing groups whose members share the same residential area, give each other emotional supports and material aid, charge either no fee or only a small fee for membership, and place high values on experiential knowledge. Self Help Groups (SHGs) are defined by different authors in different ways. Hence, for the purpose of this study, the definition given by Kropp and Suran (2002, p, 26), which is believed to be the most comprehensive explains that Self help group is an informal association of 15 to 20 people, mostly women, from the poorer section of the village community; whereby they are organized, owned, operated and controlled by members based on solidarity, reciprocity, common interest and resource pooling.

##### **Bookkeeping of Shelf help group:-**

According to Tapan S. Parikh (2006) Self Help Group Bookkeeping Standards( records) maintained at the Self Help Group level include the members' passbooks, receipts, vouchers, ledgers, etc. These records provide the raw data that feeds for decision. Their accuracy and timely maintenance determine the overall quality and efficiency of Self Help Group. The main records included in the system are:

1. Flapbook: a complete group transaction record kept in one ledger
2. Member Passbooks: for savings, deposits and loans
3. Financial Statements: indicating the financial position of the group
4. Group-level Reports: detailed operational, financial and performance reports prepared on a per-group, per-cluster and per-federation basis

##### **Accounting Record:-**

Almost all businesses are highly dependent on financial records kept in the books of accounts indicating different transactions such as sales, purchases, income, cash receipt, disbursement and payments by an individual or organizations (Dawuda & Azeko, 2015).

Several groups keep records if they are to perform coherently, efficiently, effectively and ensure profitability (Ozotambgo, 2015). Continuous and updated accounting records, can greatly improve many of the management decisions. A business owner and or manager takes information from accounting records to make decisions about marketing, personnel, borrowing, pricing, inventory, and product development (Muchira, 2012).

Research by Chelimo and Sophia (2014) revealed that about 60% of small businesses fail within the first three years due to management inefficiencies brought about by poor record keeping. Indicators of poor financial record keeping were given by Onaolapo et al. (2014) whose study found out that poor financial recordkeeping manifests through lack of knowledge, low level of education, inadequate trainings and limited resources.

##### **Methodology:-**

The researcher used descriptive survey in order to get data from Women Self Help Group members in order to determine the current status of the groups (Mugenda and Mugenda, 2003). The Study employed both quantitative and qualitative research approach to analyze accounting record of Women Self Help Group in Sodo Zuria woreda. The target population for the study were 480 members in women Self Help Groups found in Sodo Zuria and each group consists of an average of 20 women.

To meet the objective of the study, a representative sample was taken. The total numbers of population in study area are 24 Women Self Help Groups and 480 members in 4 kebeles. The researcher purposely select 2 kebeles. And also used random sampling techniques to select WSHGs in the study area. The current activities, year of establishment of the Women Self Help Groups and resources to cover the study are consider for sample selection. Accordingly, 50% of the total population ( 12 Women Self Groups) and 100 members were randomly selected from 2kebeles to collect data in the survey. Selected Kebeles were visited and both primary and secondary data were collected through five likert scale questionnaire, interview and observation. Secondary data was collected by review of Women Self Help Groups documents like individual pass book, Flap books, financial reports, Register books, Annual report of

cooperative office and etc. The collected data was analysed and interpreted by using qualitative and quantitative research approach.

### Result and Discussion:-

Demographic characteristics of respondents

**Table 4.1:-**Age of respondents

	Age in years	Frequency	Percent
	25-35	38	38.0
	36-45	35	35.0
	46-55	15	15.0
	56-65	12	12.0
	Total	100	100.0

This is very important demographic factor that determines people productivity. Accordingly, the survey result shows that the minimum and maximum age of respondents is 25 years and 65 years respectively with the mean age of 40 years. As age group also depicts that from the respondents 73% are in age range of 25-45 years and 27% are in age range of 46-65 years.

**Table 4.2:-**Educational level

	Educational level	Frequency	Percent
	Illiterate	72	72.0
	1-4	23	23.0
	5-8	4	4.0
	9-12	1	1.0
	Total	100	100.0

Most of the members of Women Self Help Groups responded that they are uneducated that resulted in problems of recording which is very important part in saving and credit issues. Table 4.2 shows that only 28% can read and write and 72% of the respondents were uneducated and not read and write basic issues and they are illiterate. From this result it is possible to say that the expected works of Women Self Help Groups related with recording are impeded by this illiteracy level and as a whole hurdled the desired result of the Women Self Help Groups.

**Table 4.3:-**Accounting records

Item	Types of record	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
1	Keeps accurate updated records of saving	25	25	20	20			30	30	25	25
2	All credit are recorded and updated	20	20	20	20	10	10	50	50		
3	Group record group IGA income and expense							45	45	65	65
4	Record grant / donation from others			65	65			35	35		

Table 4.3 item 1 depicted that 55% of the respondents responded that Women Self Help Groups were not record accurate and updated records of saving and 45 % responded that the groups keep updated records of saving. This shows that almost all WSHGs in Wolaita Zone sodo zuria woreda not keep updated record of saving.

In respect of recording of credit, 50% of the respondents replied as there were no continuous and updated records of all credit and 40% of the respondent replied that WSHGs record and update all credit related matters and 10% of the respondents are not known the actual accounting record of their groups and replied neutral. This implies that Women Self Help Group recognize credit but not in continuous and updated manner.

In respect of Group Income Generating Activity (IGAs) income and expenditure, almost all respondents reply that WSHGs not record group IGAs income and Expense. 45% respondents replied disagree for recognition of group IGA income and expense and 55% respond WSHGs not record Group IGAs income and expense. This implies that Sodo zuria woreda Women Self Help Group not give focus on the accounting matters for Group IGAs transaction.

Regarding accounting record for grant, item 4 table 4.3 shows that Women self help Groups(WSHGs) record grant and other donation, 65% of the respondents were agreed to record grant and donation, 35% disagree on the question Women self help Groups (WSHGs) record any donation and grant from external. The result of the finding shows that Women self help Groups (WSHGs) in sodo zuria woreda record donation but not in full manner.

**Table 4.4:-**Level of Accounting records

Item	Description	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
1	Group accountant reconcile cash at safe , at bank and loan	0	0	20	20			30	30	50	50
2	Record all transaction on Flip with accuracy					5	5	30	30	65	65
4	Interest and related matter reconcile			20	20			15	15	65	65

The researcher ask questions for the level of accounting record in WSHG. The respondent replied that group accountant not reconcile cash at safe, at bank and outstanding loan, 80% responded that they are strongly disagree on reconciliation of cash at safe, cash at bank and loan. According to the interview result no reconciliation at all conducted on Women self help Groups (WSHG).

Over 95% of the respondent of Sodo Zuria woreda Women self help Groups (WSHG) responded that, the groups never record all the transaction on flip. And also the recorded transaction was not accurate. 65% responded as disagree for all transaction recorded on Flip with accurate manner and 30% of them not also agree. This implies that Sodo Zuria WSHG not record all accounting transaction with in flip/ master file with accurate matter. This shows WSHGs have no enough documented file/source document to reconcile each and every accounting transactions. In respect of interest and related accounting transaction related matter reconciliation, 65% of respondents were strongly disagree Women self help group in Sodo Zuria woreda reconcile interest and related matters, 15% of the respondents were also disagree on the issue and only 20% of the respondents were agree on reconciliation of interest and related matters .This implies that Sodo Zuria woreda Women Shelf help group were not fully reconcile interest and other related matters.

**Table 4.5:-**Factors affecting accounting record

no	Description	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
1	Group use different Vouchers for record	0	0	0	0			20	20	80	80
2	Recorder has enough skill			20	20		0	80	80		
3	Continuous training on record keeping			15	15			45	45	40	40

Regarding using different vouchers, women shelf help group not use different vouchers like payment voucher, receipt vouchers. Almost all respondents were not agreed to use different vouchers for record different accounting transaction. 80% of the respondents were replied as strongly disagree and 20% replied as disagree. According to the result, Women self help Groups (WSHG) have no enough skills to record accounting records. 80% of the respondent disagree on the skills of the recorder. But 20% replied as they agree on the statement, the group recorder has enough skills to record. This shows that the group recorder has no enough skills for recording all accounting and other group matters.

Regarding training, about 40% of the responded as strongly disagree on continuous training for the recorder and the group members, 45% also disagree on continuous training and only 15% were agreed on continuous training. According to the interview result, members and recorders take some sort of basic record keeping training by funding agency. But the training and follow up of donors were not continued. This implies that record keepers educational background and training is not enough to record Women self help Groups (WSHG) transaction.

According to the interview result women shelf help group at Sodo zuria woreda were not fully recognize accounting events in individual pass book and register book. Some of the members not continuously attend in the meeting and not save the mandatory and voluntary saving. Almost all members were not know the benefit of saving and recording of their saving on individual pass book. Record keeper also not reconciles member's loan and interest income. Due to this the group loan was not recorded and replayed according to the maturity. The Women self help Groups were not prepared financial statement to know their performance and this is hindering factor to get other finance source from financial intermediates.

**Table 4.6:-**Total population of the study

s/no	Woreda	Name of kebele	No of individuals	No of SHGs	Total members
1	Soddo Zuria	Damot Waja	20	6	120
		Waja Kero	20	6	120
		Waraza Lasho	20	6	120
		Gurumo Woyde	20	6	120
	<b>Total</b>			24	<b>480</b>

## Conclusions and Recommendation:-

### Conclusions:-

Women shelf help groups in Sodo zuria woreda record different accounting records like saving and loan for the group. But not fully and accurately record all transaction by using flip/ supportive documents and vouchers. The groups also not fully reconcile their records with individual pass book, cash at safe and loan outstanding and interest income. The educational back grounds of almost all members are low and incapable to recognize accounting records.

### Recommendations:-

Women shelf help groups should use different vouchers and supportive document to record any accounting events. The government and donors provide different support and training for women shelf help group members and record keepers. The government, especially universities and cooperative offices better to encourage and support women shelf help by providing different continuous training and full support. Different donors provide adult education for members to eradicate illitracy.

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