



THE ROLE OF MICROFINANCE ENTERPRISES ON CAPACITY BUILDING

Dr. S.Baskaran* **Prof. Subrahmanya K C****

**Professor & Head, MBA, Dr.Ambedkar Institute of Technology, Bangalore, Karnataka State, India.*

***Assistant Professor, Department of Business Administration (BBA), Government First Grade College, Karkala, Udupi Dist.*

Abstract

Training is provided with the goal of energizing and empowering rural women by improving their abilities through innovative and productive programmes, as well as bridging gaps or facilitating the optimization of production activities currently undertaken by self-help group members. Further, the micro enterprise Capacity building programme encourages entrepreneurial skills so that SHG members can start and run businesses as a source of income. As a result, the purpose of this study is to determine the influence of a micro enterprise development programme on members of self-help groups.

Keywords: *Rural, SHG, Skill development, Empowerment, Capacity building.*

Introduction

The goal of the capacity building is to energize and empower rural women by improving their abilities through innovative and productive programmes. As a result, there is no single recipe for success until SHGs use a variety of instruments and methodologies to assist women in starting businesses, including entrepreneurial skills training, business development services, and technical assistance, as well as capacity building and the provision of credit and investment funding, among other things. Self-Help Groups are designed to help women develop their personalities, develop their skills, and modify their attitudes and behaviors. The training will be used to educate SHG members and introduce them to group formation and Linkage procedures, which will help them improve their income-generating activities, extend their horizons, and keep up with market trends. Through bank and market linkages, and other Development programmes, training provides numerous fiscal benefits to SHG members in terms of enhanced asset creation, improved income saving and borrowing habits, and so on. NABARD has been supporting need-based skill development programmes for matured SHGs that have already received bank financing. Skills development or refinement of skill sets of SHG members is frequently a perceived need that NABARD supports locally through relevant resource NGOs and other support organisations. On-site skill training programmes are available, with the goal of bridging skill gaps or facilitating the optimization of industrial operations already undertaken by SHG members. As a result, the current work attempts to determine the influence of training on women's empowerment through the SHG programme in the study area.

Objectives and Methodology

The major goal of this paper is to assess how effective a micro enterprise capacity building programme is at empowering members of self-help groups. The study is entirely based on primary sources, with data collected directly from members of SHGs in three districts: Chickmagalore, Shimoga, and Hassan, using a self-developed schedule. The information was assessed using a five-point likert scale. The F test was also used to determine the influence of training on empowering SHGs.

Literature Review

Sherwani and Sahiba (2015): found that self-help groups (SHGs) and other institutions that use microfinance to encourage entrepreneurship and income augmentation had a little presence in Delhi,



based on data from the National Bank for Rural Development (NABARD) reports. To better address the concerns of urban poverty in Delhi, both the government and the private sector must adopt concrete, results-oriented steps.

Prema Basargekar (2011): This research study based on primary data analysis of 698 SHG members of the microfinance programme in Maharashtra concluded that a majority of the clients belonged to the underprivileged sections of the society; they also had no affiliation with any social organization before joining the microfinance programme, and their association with microfinance programmes had led to formation of social capital; their entrepreneurial skills stood enhanced, as evidenced by change in self-confidence, self-esteem, self-awareness, leadership qualities, decision making abilities and risk taking abilities ; the level of capacity building in terms of training and education, awareness about health, sanitation, education of children, as well as about having control over crucial resources such as savings, incomes and loans; the level of personal entrepreneurial skills was higher among productive loan users compared with consumption loan users and that higher level of capacity building will lead to more productive use of loans.

Lalitha and Nagarajan (2002): group approach, mutual trust, organization of small and manageable groups, group cohesiveness, spirit of thrift, demand based financing, collateral free, women friendly loan, peer group pressure in repayment, skill training, capacity building, and empowerment are among the key concepts of SHGs.

Bediako and Frempong (2016): Microfinance involvement promotes female autonomy and increases the quantity of household belongings, according to a study of 384 rural households in Ghana's Western Region.

Ali Saleh Alshebami (2015): "There are various variables affecting the empowerment of women in Yemen through microfinance, such as norms and traditions, high interest rates, financial literacy, incorrect religious perceptions, and collaterals needed," according to the study's findings. Despite the obstacles and problems that women empowerment faces in Yemen, it was decided that women and their households that participate in microfinance programmes have benefited in a variety of ways."

Rathirane (2013a): Micro-credit has a substantial link and is positively correlated (0.752) with empowerment at 0.01 significance levels, according to a survey of 337 women entrepreneurs in war-torn Jaffna, Sri Lanka, conducted utilizing a structured questionnaire and in-depth interviews. Micro-credit facilities, it is argued, are critical in empowering women and fostering women businesses in Sri Lanka's post-war growth.

Karnataka human development report (2005): The influence of microfinance, according to the report, extends beyond revenue production. The poll looked at the impact on women's social, communal, and gender roles. The effects were discovered to differ between schemes and between women. There were variations in the kind of productive tasks that women engaged in. Those who are wealthier may be able to obtain credit at the expense of those who are poorer. Individual disparities amongst women engaging in similar occupations are also present.

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Jahanshahi, Nawaser, Khaksar and Kamalian (2011): According to the findings of this pan-India study, the government of India's micro finance policies have aided in job creation, making it the second-best source of employment after agriculture. While employment in the agriculture sector has been dropping in recent years, large sectors have been witnessing jobless growth. In such a context, the unorganised sector, which includes small and medium businesses and the service sector, bears the primary burden for job generation.

Dehejia and Gupta (2016): A longitudinal study conducted over the period 1999 to 2004, using one million of randomly selected Indian households retrieved from the survey of The National Sample Survey Organization (NSSO), a division of the Ministry of Statistics suggests that access to micro finance may affect the occupational choice of the individual. Greater access to lending sources through formal lending channels is associated with a decrease in self-employment in micro enterprises. It is concluded that district with more bank branches are significantly less likely to be self-employed, and more likely to be employed in formal sector firms, with larger effects for more educated individuals. This study brings contradictory evidence on the influence of micro finance on shift of occupation, making it inconclusive.

Results & Discussion

Impact of Training on Bank Linkages

One of the SHG's main goals is to instill saving habits in its members, and the Self-Help Group-Bank Linkage Programme (SBLP) aims to provide thrift and financial products and services to the poor who lack access to formal banking and other financial services, allowing them to improve their income levels and standard of living. The Bank Linkage Program is proving to be a cost-effective method of providing financial services to the "Unreached Poor," achieving success not only in meeting the financial needs of rural poor women, but also in strengthening the poor's collective self-help capacities, resulting in their empowerment. Apart from a slew of other initiatives aimed at alleviating poverty, the microcredit system, which operates through SHGs and is linked to a bank, plays a critical role in women's empowerment in rural areas, with the goal of benefiting disadvantaged families. Counties - On a five-point likert scale, the mean score of respondents' satisfaction level in improving bank linkages was found to be greatest (3.81) in district Chickmagalore, followed by Hassan (3.59), and Shimoga district (3.44). It's worth noting that the sample respondents' satisfaction levels have risen somewhat to significantly in all of the districts studied. The F-test was used to compare the impact of training on improving bank links in the districts under investigation.

Table1: Descriptive Statistical Analysis of Impact of Training on Bank Linkages

District	Mean	Standard Deviation	S. E	F	P-Value
Chickmagalore	3.81	.937	.104	1.451	.000
Shimoga	3.44	1.511	.190		
Hassan	3.59	1.520	.192		
Total	3.63	1.322	.092		

Source: Data collected through Interview Schedule



Further, the calculated F-Value (1.451) has been found statistically significant at 1 percent level of significance which rejects the null hypothesis. Hence, it can be concluded that area wise there is a significant difference in the opinion of the respondents as far as impact of training on bank linkages is concerned.

Impact of Training on Formal Rural Finance Linkage

The creation of ties between self-help groups and official microfinance institutions and commercial banks has been a key element of self-help organizations. Linkages have the potential to benefit both financial institutions and rural customers. Financial institutions may be able to grow the volume and scope of their rural operations as a result of links, resulting in higher profitability and improved financial and institutional sustainability. The Bank's rural finance strategy is to encourage the provision of efficient, widely available, and long-term rural financial services. Inadequate financial services and deep financial markets stymie the establishment of new businesses as well as the expansion and modernization of existing ones, contributing to economic disparities. As a result, the training can help to strengthen connections to formal rural financial markets. Table 2 shows how satisfied the sample respondents are with the impact of training on formal rural linkages in the research area.

Table 2: Descriptive statistical analysis of impact of training on formal rural finance linkage

District	Mean	Standard Deviation	S. E	F	P-Value
Chickmagalore	3.44	1.059	.119	.943	.000
Shimoga	3.14	1.458	.184		
Hassan	3.35	1.427	.180		
Total	3.32	1.308	.091		

Source: Data collected through Interview Schedule

Analysis of table 2 reveals that mean score of the level of satisfaction of respondents on the impact of training on formal rural finance linkage in the study area has been found 3.32. Level of satisfaction of training has been found highest in Chickmagalore district (3.44); followed by Hassan (3.35) and lowest in Shimoga district (3.14). On applying F test, calculated Value (.943) has been found statistically significant at 1 percent level of significance which rejects the null hypothesis. Hence, it can be concluded that area wise there is a difference in the opinion of the respondents on the impact on the formal rural finance linkages in the Chickmagalore district.

Impact of Training on Market Linkages

Poor producers are unable to obtain the greatest value for a wide range of agricultural products due to a lack of economies of scale, limited access to market knowledge, and restricted access to organized purchasers. It is not enough for disadvantaged women to launch any type of business; they need a variety of Business Development Services (BDS) to keep their micro businesses afloat. Because rural women frequently lack business skills, their competence must be enhanced, and training must be provided to secure backward and forward linkages. Table 3 shows the effect of training on market linkages in the research area.



Table3: Descriptive Statistical Analysis of Impact of Training On Market Linkage

District	Mean	Standard Deviation	S.E	F	P-Value
Chickmagalore	3.27	.858	.097	11.683	.000
Shimoga	3.71	1.237	.156		
Hassan	4.03	.695	.088		
Total	3.64	.998	.070		

Source: Data collected through Interview Schedule

It is evident from the table 3 that average mean score of the impact of training on market linkage has been found 3.64, which shows that the respondents in the study area feel that training has helped them to explore market linkages. Mean score of the respondents of Hassan district has been found maximum (4.03) and that of the Chickmagalore district has been observed minimum (3.27) In order to study the impact of training for enhancing market linkages in the districts under study, F-test has been applied. The calculated F-Value (11.683) has been found statistically significant at 1 percent level of significance which rejects the null hypothesis. Hence, it can be summed up that there is significant difference in the responses of the respondents on the impact of training on market linkages according to the area under study.

Impact of Training on Confidence Building

Women must be regarded as productive members of the economy and society, not only as reproducers and homemakers, if they are to be empowered. Competent agencies should take more seriously the organization of training for income-generating activities and technology training for capacity building. Self-confidence is crucial in practically every element of one's life, and capacity development training is essential for immediate changes to occur. Table 4 shows the impact of training on respondents' confidence building in the region under investigation.

Table 4: Descriptive Statistical Analysis of Impact of Training on Confidence Building

District	Mean	Standard Deviation	S. E	F	P-Value
Chickmagalore	3.20	1.042	.116	30.624	.000
Shimoga	4.17	.976	.123		
Hassan	4.33	.803	.101		
Total	3.84	1.083	.075		

Source: Data collected through Interview Schedule

It is noticeable in the table that mean score of the respondents for confidence building in district Hassan has been found highest (4.33) followed by Shimoga (4.17) and Chickmagalore district (3.20) at five point likert scale. Through training, the confidence level of the respondents has increased and the majority of women feel confident that their individual and group needs are heard at higher levels. In order to study the impact of training on confidence building in the districts under study, F-test has been applied; calculated value of F (30.624) has been found statistically significant at 1 percent level of significance which rejects the null hypothesis. Hence, it can be concluded that there is a significant difference in the opinion of the respondents on the impact of training on building confidence level of the women in the study area.



Impact of training on entitlement programme awareness

Training allows and empowers disadvantaged women to develop their personal, social, financial, and other resources, as well as their solidarity, voice, and negotiating power, and to get access to their rights, entitlements, and chances to shape their own and their families' lives. Women benefit from training in areas such as enhancing access to essential services, negotiating for safe and secure housing, and connecting families and communities to government benefits. Table 5 shows how training in knowledge enrichment affects entitlement programmes in the research area.

Table 5: Descriptive Statistical Analysis of Impact of Training on Entitlement Programme Awareness.

District	Mean	Standard Deviation	S. E	F	P-Value
Chickmagalore	3.07	.833	.093	12.154	.000
Shimoga	3.75	.950	.120		
Hassan	3.52	.715	.090		
Total	3.42	.882	.061		

Source: Data collected through Interview Schedule.

It is evident from the table 5 that overall mean score of respondents on the impact of training on entitlement programme has been found 3.42. District wise mean score of the satisfaction level of respondents on the impact of training has been found highest in Shimoga district (3.75) and lowest in Chickmagalore district (3.07). Further, in order to study the impact of training in enhancing Knowledge on Entitlement Programmes in the districts under study, F-test has been applied and the calculated F-Value (12.154) has been found statistically significant at 1 percent level of significance which rejects the null hypothesis. Thus it can be concluded that there is a significant difference in the responses of the respondents' area under study as far as impact of training on entitlement programme is concerned.

Impact of Training on Development Programme

Knowledge of various development programmes is required for competency development, and the major goal of training is to lift aided poor families out of poverty by providing them with income-generating assets and increasing their awareness of various development programmes. The impact of training on the development programme has been evaluated and is shown in table 6.

Table 6: Descriptive Statistical Analysis of Impact of Training on Development Programme

District	Mean	Standard Deviation	S. E	F	P-Value
Chickmagalore	2.91	.990	.110	9.656	.000
Shimoga	3.59	1.145	.144		
Hassan	3.46	.800	.101		
Total	3.29	1.029	.072		

Source: Data collected through Interview Schedule

Analysis of table 6 evidences the impact of training on various development programmes has been observed more in Shimoga district with highest mean score of 3.59, followed by Hassan (3.46) and Chickmagalore district (2.91). Further, by applying F-test calculated value has been found significant at 1 percent level of significance which shows that area wise there is a significant difference in the responses of the respondents regarding impact on development programmes through training.



Impact on training on managerial efficiency

Managerial excellence training attempts to prepare women to handle the difficulties of technological advancements and environmental changes while also preparing them to be effective executives. Women are the motivators and ORGANIZERS because they are the ones that come up with fresh ideas, follow through on them, and PRIORITIES them. Table 7 shows the impact of training on improving management efficiency among respondents in the research area.

Table 7: Descriptive Statistical Analysis of Impact of Training on Managerial Efficiency

District	Mean	Standard Deviation	S. E	F	P-Value
Chickmagalore	3.21	.862	.096	13.808	.000
Shimoga	3.81	1.014	.128		
Hassan	3.87	.609	.077		
Total	3.59	.897	.062		

Source: Data collected through Interview Schedule

Analysis of the table 7 reveals that mean score of the satisfaction level of the respondents in the study area, ranges from 3.21 to 3.87. The respondents of Hassan district are found more satisfied with the impact of training on Managerial Efficiency, as their mean score has been found highest (3.87) in comparison to the respondents of Shimoga (3.81) and Chickmagalore district (3.21). Further, F-test has been applied to show the impact of training on managerial efficiency. Calculated value of F has been found significant at 1 percent level of significance which shows area wise there is a significant difference in the responses of the respondents regarding impact of training on managerial efficiency.

Impact of Training On Improving Skill Development Programme

Productivity and the ability to adapt to a changing industrial environment are both determined by skill development. The majority of rural women lack marketable skills, which makes it difficult for them to find quality work and improve their financial situation. SHGs give both skill development and human capital training to their members, recognizing the value of skill development. The skill formation training is generally supplied to SHGs that are already credit linked and attempts to improve income-generating activities like as farming, craft, or business. The SHG focuses on skill up gradation plan to boost women's employability in the self-employment and wage employment sectors in order to promote their employability. Table 8 shows the mean satisfaction score as well as the standard deviation of the responses received from respondents about the influence of training on skill development programmes in the research area.

Table 8: Descriptive Statistical Analysis of Impact of Training on Skill Development Programme

District	Mean	Standard Deviation	S. E	F	P-Value
Chickmagalore	2.74	1.093	.121	46.347	.000
Shimoga	4.08	1.021	.129		
Hassan	4.16	.865	.109		
Total	3.58	1.208	.084		

Source: Data collected through Interview Schedule

Analysis of table reveals that impact of training on skill development programme was observed highest in Hassan district (4.16), followed by Shimoga (4.08) and Chickmagalore district (2.74). By applying F-test, the calculated value has been found significant at 1 percent level of significance, which shows that area



wise there is no significant difference in the responses of the respondents regarding impact of training on improving skill development of the women.

Impact of Training in Augmenting Family Income

Poor farmers and businesspeople that lack access to finance find it difficult to plan and are unable to engage in more diverse activities, as start-up capital is often necessary to enter the market. Because they lack collateral, such as land and other possessions, this problem is typically exacerbated for women. Table 9 shows the influence of training on increasing the income of the sample respondents in the study area, keeping in mind the importance of the economic component. Microfinance programmes assist how to replace high cost debt from informal sources, thereby increasing disposable income through financial discipline, thus resulting in ownership of assets. Table 9 presents the impact of training in augmenting family income in the area under study.

Table 9: Descriptive Statistical Analysis of Impact of Training in Augmenting Family Income

District	Mean	Standard Deviation	S. E	F	P-Value
Chickmagalore	3.41	1.081	.120	.296	.000
Shimoga	3.48	.965	.122		
Hassan	3.35	.626	.079		
Total	3.41	.925	.064		

Source: Data collected through Interview Schedule

Analysis of table 9 reveals that mean score of the satisfaction of the respondents on impact of training in augmenting family income has been found highest in Shimoga district (3.48) followed by Chickmagalore (3.41) and Hassan district (3.35). By applying F-Test, calculated value has been found significant at 1 percent level of significance which leads to the conclusion that area wise there is a significant difference in the responses of respondents.

Conclusion

Chickmagalore district had the most impact of training on bank links (3.81) and formal rural finance linkages (3.44), whereas Hassan district had the highest impact of training on market linkage (4.03), confidence building (4.33), managerial efficiency (3.87), and skill development (4.16). Shimoga district has had the greatest benefit of training on entitlement programme (3.39) and increasing family income (3.48). Area wise impact of training on empowering women by taking into account, selected variables has been found highest at 1 percent level of significance which leads to the conclusion that the micro enterprise Capacity Building programme for self help group members is effective.

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