



Full Length Research Article

CAPACITY BUILDING AND ITS IMPACT ON MEMBERS OF SELF HELP GROUP IN SOUTH KERALA

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ABSTRACT

This paper tries to prove the need and also understand the perception of members of the self-help groups in the necessity of training and development needed for the effectiveness for attaining the primary goal of Self Help Groups – upliftment. The impact of capacity building programmes on the functioning of self-help groups in the districts of Kollam, Alappuzha, Pathanamthitta and Ernakulam were studied. This study is compiled with the help of primary data covered over a period of 8 months. Sample size of the study was 120 respondents from 37 self-help groups in these districts. 18 SHG's were located in rural areas and 19 SHG's located in urban areas. The self-help group was Kudumbasree unit and hence the respondents were women. The data was subject to simple percentage analysis. Both qualitative and quantitative research methods were followed. From the data we could understand that the respondent's perception towards the effectiveness of training is positive and it is also confirmed from their response to the questions related to their return on investments. From the perception of the respondents it is seen that training, type of training and duration of training is directly proportional to the Return on Investments.

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INTRODUCTION

Self Help Groups are the independent society of people essentially from the economically backward classes, who assemble together for solving their common issues and problems. Joining these organizations provides them with an opportunity to help themselves and also to help each other. Maximum number of people per SHG will be 20. Small savings are promoted among the members and this amount is kept as savings in the bank in the name of SHG. The bank linkage model of SHG comprises of the SHG's which are financed directly by the commercial banks (both private and public) regional banks and cooperative banks. This linkage model has enabled to include those sections of the society that was excluded from the formal financial sector. There are basically three identified approaches which was developed during the evolution of micro finance in the world – which are, the Grameen Model, the SHG based model and lastly, the Latin American Model. The SHG based model, which is known as the Indian model of micro finance and it is popularised by National Bank of Agricultural and Rural development. Kudumbasree unit and Ayalkoottam units are the common SHG found in Kerala. Kudumbasree in local language means prosperity of the family and the units aims to

improve the living conditions of the rural and urban poor women. The banks and lending agencies deals with only the core issue concerning the SHG's and that would be lending. Without proper training and development programs, these lending has proved not much effective. Along with the core issues these agencies needs to concentrate on the agencies needs to identify core areas where the SHG could improve. The UN Development programme has clearly described "Capacity" as the ability of societies, institutions and the individuals to solve problems, set and achieve objectives, and to perform functions in a substantial manner. According to Amartya Sen (1999) poverty is capacity deprivation. The basic understanding in the reduction of poverty is one of advancement of the basic capabilities which should include employment, gender equity, education, women empowerment and health care and also provisioning of social as well as economic security. Capacity building programs are organized as a mechanism to bypass the inherent lack of ability present in its members and also to enhance their skill in respective fields so that they excel in the new task allotted to them which in turn enables them for a rise in income and social status along with empowerment in the society and household as a whole.

Literature Review

The objective of this article was to take a look at the state of capacity building in Africa by providing the theoretical bases

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of capacity building in light of change theories and the multidimensional developments of the human capital theory. The methodology used consisted a survey of the relevant literature (annual reports, studies, articles, books, among others) and an analysis of available data on capacity building in Africa. Surveys conducted in 14 African countries, semi-directive interviews of 400 African researchers and institution officials, and a questionnaire survey over 1677 researchers from 36 African countries who had benefited from the backing from other arrangements and IFS of the European Commission. This article takes a different approach from the traditional approach as traditional approach is unfortunately irrelevant because the overlapping between the two domains (human capacities and institutional capacities) and, as a consequence, a different approach is adopted. The article consists of 9 sections. The first section develops theoretical approaches to capacity building while the second one presents African Capacity Building Foundation, the main capacity building organization in Africa. The third section of the capacity building had analyzed the State capacities, and the fourth section has given an analysis of academic capacities and the fifth section accords with the scientific capacities of the same. Whereas, the sixth section is concerned with microfinance capacities, and simultaneously, the seventh section deals with commercial capacities, followed by the eighth section, which is administering the role of the international financial institutions based on capacity building. The last section depicts a correlation between capacity and development.

The vision of African Capacity Building Foundation is to be the leading African institution whose partnership with all the stakeholders aims at constructing and building capacities, the final objective being good governance and poverty alleviation in Africa. The author was able to test the existence of a correlation with the per capita GDP using the Principal Components Analysis (PCA) method on a matrix of 10 sub-Saharan African countries including 16 variables. As conclusion author has proposed a brief analysis of the correlation between capacity indicators and development for a panel of African countries. (KP, 2013)The impact of capacity building programmes on the functioning of SHGs in Mysore and DK districts of Karnataka was prepared.

SHGs are primarily informal in nature and are formed by the voluntary participation of the members who constitute them. Lack of innovation and a redundant approach makes the SHG members less dynamic. The sample size of the current study had been taken from DK district and Mysore. It consisted of 80 and 131 members respectively. A majority of the members in both the Districts were women. The data was subjected to statistical analysis. The results indicate that capacity building and training exercises in both districts have not been very effective so as to make a significant impact. There is a need to stress upon capacity building programmes for a better functioning of the SHGs in both the districts. (Alpay, 2012)The author highlights the importance and the role of capacity building particularly through training programmes and vocational education, and the importance of microfinance in increasing the employability opportunities. The paper mainly highlights two key paths - Capacity enhancement through developing a compatible vocational training and education and also encouraging self-employment and income generation through aiding and promoting the operations of microfinance based institutions. Given the financial constraints

of MFI's two proposals are suggested for supporting and facilitating the operations of MFI's with a view to increase their outreach for spawning self-employment; and establishing a Microfinance Social Investment Fund and also to develop a Islamic Microfinance Model based on Waqf. (Mohan, 2008) discusses some of the recent trends and challenges, which are currently faced by Indian microfinance institutions. The exponential growth coupled with efficient operating costs has attracted attention of venture capital funds and nationalized institutions to invest in Indian MFIs. However, this points out to a number of different challenges like weak governance, lack of social protection and competition and lack of second line of leadership and inadequate integration of IT and E-banking solutions,. The author focuses on the single biggest challenge that is capacity building which is imperative to address the above mentioned challenges. It weighs on the need to devote in human capital and systems with the capacity development enveloping both training and technical assistance. The author suggests that there is a need for associating established service providers rather than a waiting on ad hoc in-house training capabilities. Custom-built solutions to promising/growing and widening MFIs are currently the need of the hour. Rural academic institutions need to focus on theory and real life case studies integration. Talking about the demand side, the author features on lower attention that is given to training for senior management who are not granted for training programmes. It is time that capacity building starts getting treated as an investment rather than expense. It concludes by accentuating the need to target on good governance, networking, client focus and with the other development institutions.

(Sen, 1992) has amplified that the quality of human resources needs to be considered, and their capabilities and functioning's in any poverty conceptualization. For him, poverty is capability deprivation. Capability, according to the author, basically refers to the freedom that one has to choose from an area of working models, which means attaining what one wants to do or be. Poverty in this current perspective would indicate absence of elementary capabilities. The elemental question in poverty reduction is primarily regarding the expansion of elementary capabilities, including, employment, women empowerment, gender equity, education, health care, and provisioning of economic and social security.

(Amutha, 2011)The primary objective of this study was to analyze the economic empowerment of women through SHGs in three villages of Tuticorin District of Tamilnadu. This study is amassed with the help of the primary data which covers only in a six month period (2011). In total, 240 respondents were selected from 20 different SHGs of three villages using simple random sampling method. Empowerment normally implies increased participation in decision-making and this process makes the people feel themselves to be capable of making decisions and they have the right to do so. Another core element is the women's participation in decision-making in the family is an important indicator for measuring their empowerment. The analysis done by the author displays that 66% beneficiaries reported decisions are being taken by their husbands, yet, more than 34% respondents accepted that they take part in decision-making processes. Thus, the socio-economic conditions of women have established that their status has enhanced since the joining of SHG's and availing microfinance.

The analysis proved that there was a significant amount of gap in the decision making process in the family and SHG women members. Entrepreneurial empowerment- from the study it was understood that SHG's provided the desire for attaining professional skills. (Krishnaveni & Aravamudhan, 2013) Capacity Building has gained in significance in the last twenty year amongst NGO's, Not-for-Profit Organizations, community Development Agencies and civil society organizations. These organizations embrace Capacity building to find out the effectiveness of the programmes funded or organised by them. In doing so, the development organizations assess their existing capacities and devise relevant strategies to further improve the capacities. Though diversity of views about the term capacity building abounds, there is no getting away from its all-pervasive nature. Capacity Building has found resonance across wide swathe of Sectors which includes community development, Health Sector, education, watershed development, irrigation, education, civil society, tourism, Infrastructure and so on. Increasingly, Capacity building exercise is being extended in the For-profit organizations also. Since the term capacity Building is loosely defined, it can be extended to for-profit contexts also. This article offers a glimpse of the concept of capacity building, its evolution and the bewildering range of initiatives undertaken in Indian and international context. Capacity Building has gained in importance in the last two decades and is used extensively amongst Non-Government organizations, Non-Profit organization, Community development agencies, civil society organization and Funding agencies. The rationale behind capacity building was to assess the effectiveness of the programmes implemented or funded by them by way of assessing the existing capacity level and design strategies to enhance and strengthen the capacities further. The different levels of capacity building are Individual Level, Organizational Level and systems level. Capacity building is not limited to less empowered group. The study indicates the pervasiveness of the capacity building programme. It is pertinent to note that capacity building is seldom applied outside the context of Non-profit Sector. Of late, Capacity building is finding its resonance in profit organizations also. Dr. Krishnaveni and Dr. Sri Pirabhaa (2008) had applied capacity building in Human resource management function (Iqbal & Ahmed, 2011).

Micro-finance is the promising alternative that offered funds at the doorstep of the poor. There has been a lot of debate on the nature, concept, regulations and practices of micro-finance in India. Many development economists believe that economic prosperity cannot come without financial inclusion and micro-finance is being considered as a vehicle for financial inclusion in Indian economy especially in rural economy. This is true. But as of now, micro-finance institutes has not made any significant contribution in the financial inclusion and economic prosperity chiefly in rural India. To my mind micro-finance is a myth as cooperatives have failed in brining or attaining financial inclusion and economic emancipation. Much has been left on the part of micro-finance institution and their regulations. For this system to work it had to have very low defaults. The present paper is a modest attempt in this direction. The paper explores the issues which have made the nature, concept, regulations and practices of micro-finance as a myth rather than a reality.

"Capacity building among borrowers is another myth. Rural masses have failed on this count"

(Kumari, 2011) In India Self Help Group is a small democratically formed group of about 20 persons from a homogenous class, who come together voluntarily to attain certain collective goals social or economic. The very purpose of SHG is to build the functional capacity of the poor and marginalised in getting rid of the common problems like unemployment, illiteracy, health care, etc. These problems can be resolved by group activities. However, someone will have to take the initial step and only educated people can pursue the marginalized people to go for solving their problems collectively.

(Karthickdas, 2011) Has mentioned that, Micro credit, being a crucial part of financial inclusion, is explained as the provision of credit, thrift and other financial services and products of very small amount to the poor in semi-urban, rural, and urban areas for permitting them to boost their income levels and also to improve their overall living standards. The author has described that "Poor people need not just loans but also insurance, money transfer services and savings. It means integrating the needs of financially excluded people into a country's mainstream financial system. MFIs should be able to measure and disclose their performance - both socially and financially".

(Singh, 2011) It is time that the government focus on capacity building of SHG members as many of the SHGs. A network of capacity building institutions should be set up to strengthen and develop SHGs to undertake various functions, into which they are expanding, and to nurture and mentor them during the process. To review the existing capacity building programmes, a special group or task force could be set up for SHG members and suggest in consigning the capacity and suggest innovative approaches in addressing the capacity building needs.

(Raghavan & NJ, 2008) in their study on micro-credit and empowerment examined the socio-economic impact of the Kudumbasree project on the rural and the urban poor in Kerala. The study focused on the participatory mechanism of community involvement in the anti-poverty programmes. It was found that the Kudumbasree project enabled the poor women of Kerala to become active participants in the planning and implementation process of various poverty alleviation programmes. The attendance of the poor in various income-generating-cum-developmental activities had increased the overall morale, confidence of women, and status of women in families and society and capacity of the poor women in several areas. The study was concluded by stating that strategic participation and empowerment adopted in Kudumbasree project ensured sustainable livelihoods to many poor women in Kerala.

MATERIALS AND METHODS

A well-structured questionnaire was designed and administered among the SHG members of Kollam, Alappuzha, Pathanamthita, and Ernakulum districts. The sample SHG members of these districts were asked to disclose the details about the kind of training they had undergone and also their perception about the benefits of training they had received. Their perception was compared with their return on investment, to come with our conclusion. The exact rates of return were not asked instead their returns were made out through indirect questions where the respondents were comfortable in providing their response.

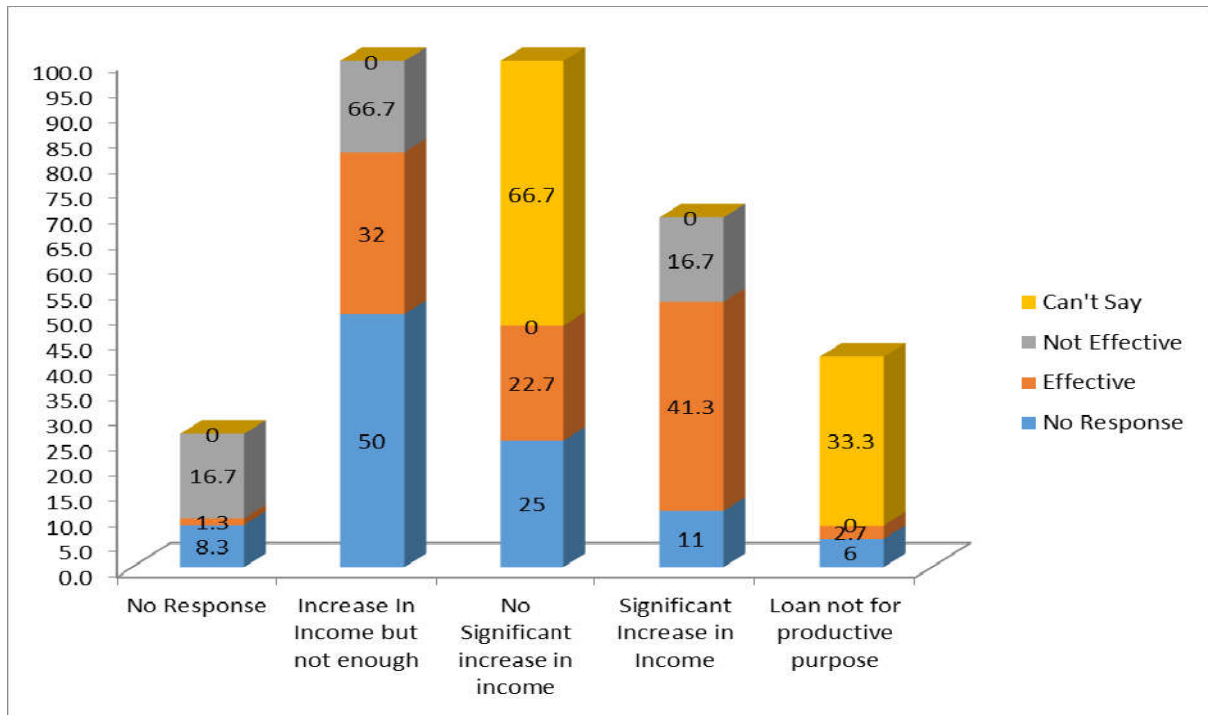


Fig 1. Respondent's perception of effectiveness of training compared with the ROI

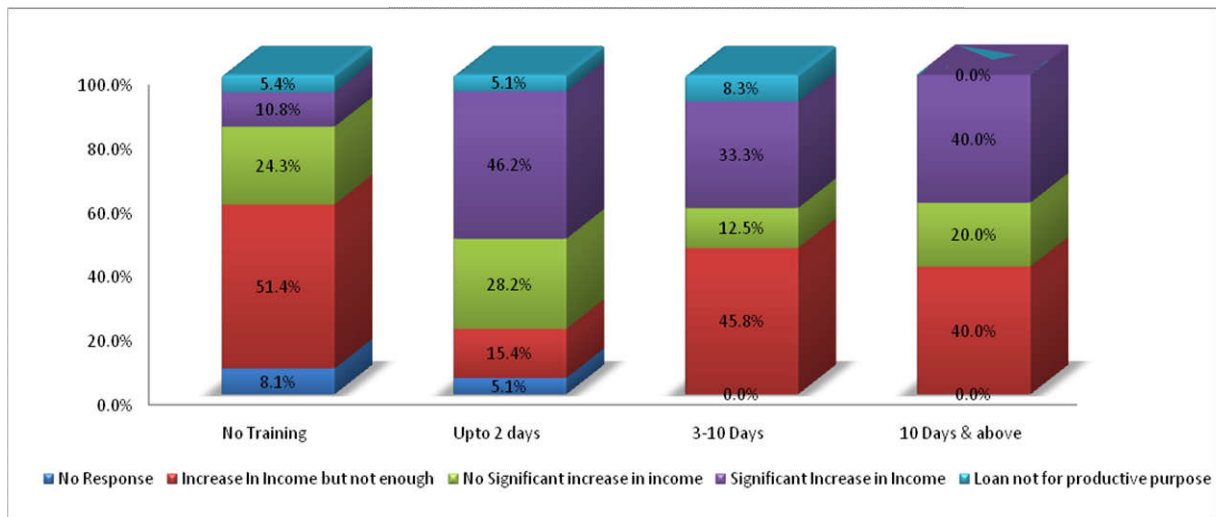


Fig. 2. Respondent's duration of training and its effect on ROI

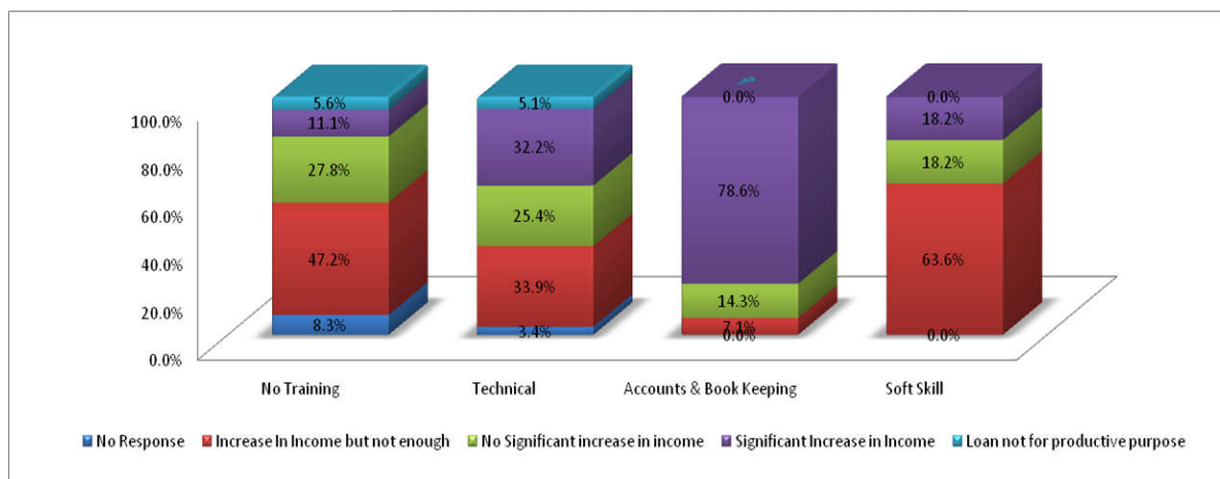


Fig. 3. Type of training and its impact on ROI

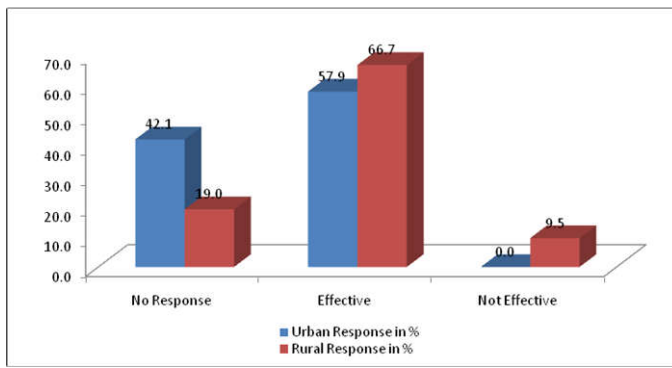


Fig. 4. Perception of effectiveness of training in Rural and Urban SHG's

120 members were interviewed in all from these 4 districts. Understanding the functioning of SHG in these districts, these four districts were chosen. Picking out a SHG from the district, its office bearers were interviewed first followed by the members through snow ball sampling technique. Simple percentage analysis was applied on the data collected. Both qualitative and quantitative research methods were followed.

RESULTS AND DISCUSSION

We can understand from the table above that District of Kollam ranks highest in the case of average year of membership – 8.8 years. Total average of all the districts together was 5.89 years. Total of 21 SHG's were chosen from the four districts.

Table 1. Capacity Building – Average Year of membership

District	No of SHG's	Average Year of membership
Alappuzha	9	4.2
Kollam	11	8.8
Pathanamthitta	6	6.2
Ernakulum	11	4.2
	37	5.8

Table 2. Capacity Building – No of Rural/Urban SHG's per district

District	No of rural SHG	No of Urban SHG
Alappuzha	4	5
Kollam	6	5
Ernakulum	2	9
Pathanamthitta	6	0

Number of SHG in all districts is almost similar in terms of their rural and urban existence except for Pathanamthitta where all the SHG's were from rural background.

Table 3. Capacity Building - Districts and the average loan amount

Districts	Average Loan Amount (Rs)
Alappuzha	23,612
Kollam	1,51,875
Pathanamthitta	28,600
Ernakulum	88,750

We can infer that the average loan is highest in the district of Kollam. All loans from the district was utilised or productive purpose.

The output of questionnaire is presented

Out of the total number of respondents interviewed 70% of them had undergone training of some sort or the other. So when we examine about the perception of effectiveness on trainings that our respondents had received majority (62.5%) perceives the training to be very effective, the remaining 30% that did not receive any training had no idea or opinion about the same and hence did not respond, while a very small % (5%) believed the training not to be effective. From the significant majority that believes the training to be effective we can understand that they perceive they have an increase in income because of the training that they have gone through. For those who have not received any training, majority there perceive that they have an increase in income but that is not enough to repay loans. From the perception of majority we can assume that training has a direct impact on the increase in income, even though income may depend on a variety of other factors like market conditions, skill set of employee etc. While looking into the duration of training we can understand that it was 2 days training the majority respondents received. 3-10 days training and 10 days and above training added up to 40% of the total respondents. The duration of training is certainly inadequate and also a matter of concern. We can understand that these trainings are decided by the Regulatory bodies, Panchayat in the case of our respondents. These trainings are fundamental requirement while setting up the self-help groups. So whether the respondents attended the training because of necessity or out of self-interest will be a primary concern. While we cross check the data with return on investment the data shows that those who received training for two days, 3-10 days and above 10 days perceive there has been an increase in their income.

The type of training imparted is also decided by the regulatory bodies. There was technical training in which respondents were provided training in manufacture of articles etc, financial training like accounts and book keeping and soft skill training where the respondent's confidence was boosted through motivation and other training. It was under the panchayat that the training was provided. We could understand that majority of the respondents received technical training as part of their training and only a small % of respondents received soft skill and financial training from the panchayats. How panchayats came to the conclusion of which training to provide and to whom is not sure. Qualification of Trainers for the purpose is also not known. Those who received the financial training perceived that they received a significant increase in their income than those who received technical and soft skill training. When we look into the training 57% of the urban respondents perceives the training to be effective, while the remaining 43% has not received any sorts of training at all. This figure is twice when compared to the rural respondents. Its only 19% of the rural respondents that has not received any training, and 66% of respondents perceive their training was effective. Both urban and rural the respondents believe that there is an increase in the income, but when we look specifically to the rural respondents they were not sure whether the training was effective or did not perceive that there was no significant growth in income.

Conclusion

To sum up we can state that training is essential for capacity building. To improve oneself from ones current level of performance effective training and assistance is required. Effectiveness of training depends on the type of training that

one receives, duration of training and also the intent with which we attend training. Identification of the training that a particular unit needs should be well understood by the agency providing the training, bring in necessary experienced hands for the purpose and improve the show. From our study we can understand that the vast majority of respondents have agreed or shared their perception to the effectiveness of training. But the question that we are bound to ask is how effective can a training be for a duration of 0-2 days or 3-10 days be when it comes to imparting technical training in the manufacture of a product or cultivation of a crop which would require different techniques to be applied at different stages of its production. And also does providing a particular training to a particular group will do the needful? Don't the members require training in all aspects of the business to be competitive enough in the market and for proper upliftment? Training and development should not be restricted to the initial phase of formation of the unit but should happen at regular intervals where their current levels are effectively measured and improvements are suggested or else it becomes a matter of concern.

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