

NGO's: A Successful Model of Empowerment

¹Mr. Santhosh Kumar.K & ²Dr.K. V. Thomas (PhD)

¹Research Scholar, Department of Commerce, St. Thomas College, Palai, Kottayam (India)

²Research Guide, Department of Commerce, St. Thomas College, Palai, Kottayam (India)

ARTICLE DETAILS

Article History

Published Online: 10 November 2018

Keywords

Micro finance, SHGs, NGOs, Micro entrepreneurship, Rural empowerment

Corresponding Author

Email: [santhoshembranthir\[at\]gmail.com](mailto:santhoshembranthir[at]gmail.com)

ABSTRACT

Role of NGOs and the provision of micro credit can be considered as the powerful tools to bring up the rural poor and women into the mainstream of the society. Present study evaluating the effectiveness of various assistance provided by the NGOs to their SHG members especially to conduct their micro entrepreneurship or Income Generating Activities (IGAs) and points out that how these activities bring social and economic empowerment to them. Study also illustrates various problems faced by the respondents related to their micro enterprises.

1. Introduction

Social empowerment of the poor has become an intense topic of discussion in modern world. It means socially excluded poor should also enjoy all the rights in the society that is the political, social, judicial, and the economic rights as of those lies above poverty line. The government of India adopted various welfare schemes and policies in order to empower and rejuvenate them to bring in the mainstream of economy. However government alone cannot bring a total change in the current scenario. This entrench the role of Non Governmental Organizations as they assist the poor especially women to find their own avenues for empowerment to become self sufficient through different wings of services like micro finance, training and advises to nurture their IGAs and earn profit and savings.

NGOs mainly focus on the weaker section in the society. These agencies generate civic awareness, pools people together and make sure their effective participation and raise the external and the internal resources. The objectives of NGOs involve the creation of awareness regarding ecological harmony, organizing seminar and conferences, related to various issues affecting the people, to find issues such as child labour, good health promotion, education, promotion of better living, women empowerment and vocational programmes for the less privileged. NGOs provide different programmes such as socio-economic, vocational training and other similar programmes to socially excluded people in various fields in order to improve their performance and decision making power. They mainly work in villages to improve the conditions and performance of rural women and people.

The study primarily focuses to analyze the role of NGOs in empowerment of the poor's with special reference to Changanassery Taluk. It helps to get an idea about various facilities provided by NGOs and the various empowerments gained by the members after they joined NGOs. The knowledge on various aspects related to this study could be used to develop strategies to overcome their weakness and motivate the rural poor empowerment. Main objectives of the study are;

1. To analyze level of financial assistance received by the SHG members from NGOs for conducting IGAs/MEs.
2. To analyze the economic and social empowerment gained after joining of SHGs by the respondents.
3. To evaluate the various problems faced while carrying IGAs/MEs.

Following hypothesis is formulated to prove the objectives:

1. H_0 : there is a positive correlation between average amount of loan and average amount of profit generated by the sample units in study area.
2. H_0 : as there is no significant difference between various empowerments achieved by the members in urban and rural area.
3. H_0 : Problems are identical to the respondents

2. Review of literature

Manju Pathania Biswa and Dr. M. Rama Mohan Rao¹ (2014) in their research paper titled "A study on the role NGOs in empowering women through microfinance: A conceptual study" states that microfinance sector has grown steadily over the past two decades and has helped women to gain economic empowerment and improve quality of their life. Development of micro entrepreneurship through micro finance can help reduce the problem of unemployment and several social problem that go with it.

Shane. S² (2012) in this thesis aimed to explore the role of NGOs in rural development, observes local based NGOs are not functioning properly due to the deficiency of the aforesaid resources which result the stumbling block in its performance in the area of rural development. Meanwhile the regional and national based NGOs are well off in terms of their resources and are working smoothly in the rural development sector.

Duflo Esther³(2012) in his study on women empowerment and economic development (journal of economic literature vol. 50, No.4, Dec 2012) finds that women empowerment and economic development are closely related in one direction, development alone can play a major role in driving down

inequality between women and man; in the other direction, empowering women may benefit development. This study focusses to bring about equality between men and women.

Shroff Geeta⁴ (2010) in her thesis states that with the best efforts of NGOs have enabled thousands of marginalized woman throughout the developing world to contribute their own beings. They present a design model for promoting women empowerment in the developing world that cuts across individual application area and allows the HCI (Human computer Interest) community to characterize the escape path for low income women from the vicious cycle of poverty

Carolyn A. Islam⁵ (2016) conducted a study on NGO vulnerabilities: Donors and resource dependence. The main objective is to determine which organization from a wide range of NGOs include their donor relationships, are susceptible to finding manipulation and why.

Suharko⁶ (2007) through his study points out that the involvement of NGOs in alleviating poverty has changed the life of the poor in developing countries. By designing and implementing innovative program interventions, they have enhanced the quality of life of the poor. NGOs have to deal with some challenges strengthening local institutions and linking them with supra-local level of development agencies, scaling up their innovative development program, building synergy with the government and private sector and engaging in advocacy for pro-poor development policy. The NGOs capacity in dealing with these challenges will determine NGO contribution in achieving the MDGs.

Article on improving the credibility and effectiveness of NGOs by Amagoh Francis⁷ examines the issues of trust and credibility of NGOs. The article identifies a number of factors that would help improve NGO; credibility, effectiveness and performance.

A study on Non-governmental organizations: Problems and remedies in India by Latha Lavanya Kakumari and PrabhakarKatte⁸ (2011) finds that NGOs are facing different problems which differ from organizations to organizations, region to region. This study shows the problems faced by NGOs; and some remedial measures to overcome the said problems.

Study conducted by Zafar Huma⁹ on empowering women: NGOs project finds that the sense of empowerment achieved by women depends not only on the NGOs efforts, but also the result of women's own understanding of their situation and self determination. This can be done when women acknowledge their weakness in the prevailing social structure and know how to use their strengths and available opportunities to make their own way towards empowerment.

3. Research Methodology

The study was an empirical and descriptive research based on the study of the role of NGOs in the empowerment of rural poor with special reference to Changanassery Taluk. Entrepreneurs carrying IGAs formed as a part of SHGs assisted by NGOs is taken as the universe. Multistage random

sampling was adopted to collect sample. In the first stage four Grama Panchayaths namely Paippad, Madappally, Kurichy and Vazhoor were selected from Changanassery Taluk and in the second stage three ward each from four Grama Panchayaths were selected and finally five entrepreneurs each from twelve wards assisted by NGOs were obtained to get total 60 sample.. Both primary and secondary data were used for the study. Interview schedules were administered to collect data from the respondents. After the collection, analysis and interpretation of the data, meaningful conclusions were arrived by constructing simple and two-way tables and by using statistical techniques like, chi-square test and one way ANOVA.

4. Results and Analysis

4.1 Gender wise classification of the respondents

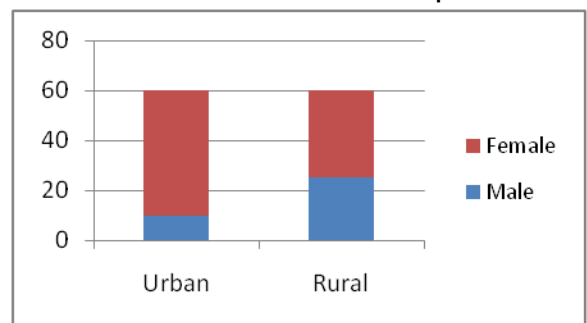
Table-1
Gender wise classification of the respondents

Gender	Respondents		Total
	Urban	Rural	
Male	10	25	35
Female	50	35	85
Total	60	60	120

Source: Primary Data

Table describes the classification of the respondents selected as samples. 60 samples each selected from both urban and rural area. Urban area consists of 10 male and 50 female while rural areas 25 males and 35 females who are carrying IGAs.

Figure-1
Gender wise classification of the respondents



Source: Primary data

4.2 Classification on the basis of factor that leads to join with NGOs

Table -2
Factors that leads to join with NGO

Factors	No. Of Respondents	Percentage
Job	15	25
Income	15	25
Financial Assistance	20	33
Social Knowledge	10	17
Total	60	100

Source – Primary data

Table 3 describes the intention of the respondents to join NGOs. 33% of the respondents joined NGOs in order to avail

financial assistance provided by the NGOs to members and 25 % of the respondents considered the opportunity to get job and income and 17 % of the respondents joined NGO to get social knowledge.

respondents optioned that they were started their IGAs primarily with an intention to substitute a job. 38 respondents selected the IGAs for profit and 20 respondents started the business to help their family.

4.3 Classification of the reason to select Micro enterprise

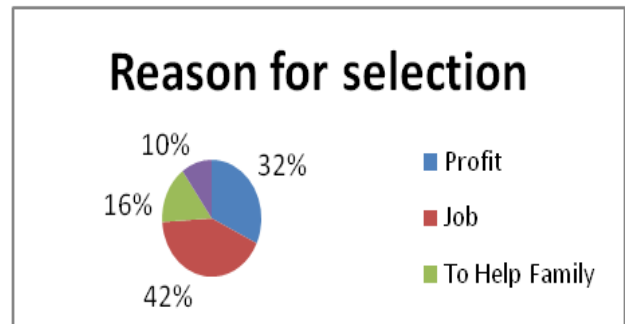
Table -3
Classification of the reason to select Micro enterprise

Reason	No. Of Respondents	Percentage
For Profit	38	32
Job	50	42
To Help Family	20	16
Others	12	10
Total	120	100

Source – Primary data

Above tables illustrates the respondent’s opinion regarding the reason for choosing their IGAs/ MEs. 50 out of 120

Figure-2
Reason to select micro enterprise



Source: Primary data

4.4 Analysis of financial assistance received by the respondents.

4.4.1 Analysis of average loan of the MEs

Table -4
Average loan of Microenterprises

Activity	Urban		Rural	
	Avg. Loan	S.D	Avg. Loan	S.D
Agriculture	60000	0	90000	31334
Farm	108333	33072	36667	10000
Manufacturing Units	177500	46928	200000	0
Retailing units	242500	62988	65000	38341
Total	158000	72213	80000	48808

Source – Primary data

It is vital to analyze the amount of credit availed by the MEs in order to evaluate the level financial assistance provided by NGO. TABLE illustrates the details of the average amount of loan received by the activity groups under NGOs. It can be

see that, in urban area average amount of loan received y the respondents are Rs 158000 and in rural area it id Rs 80000 only. Retailing units in getting more loan in urban area while in rural area it is manufacturing units

4.4.2 Analysis of average profit of the MEs

Table -5
Average profit of Microenterprises

Activity	Urban		Rural	
	Avg. Profit	S.D	Avg. Profit	S.D
Agriculture	130000	0	133250	35980
Farm	54517	20293	164000	99859
Manufacturing Units	177425	98728	225000	0
Retailing units	425000	191703	114000	85445
Total	185325	166387	147800	74315

Source – Primary data

Profit is the success of every business. Following tables describes urban and rural wise classification of average profit made by the respondents under study area. It can observe that, average amount of profit is higher in urban area as rural area reports only Rs147800 as of urban Rs 185325. Retailing units are more profitable in urban area while manufacturing units showed much more profit in rural area.

In order to probe the impact of loan over the profit of MEs, Pearson correlation test has been used by putting hypothesis as;

H0: There is a positive correlation between average amount of loan and average amount of profit generated by the sample units in study area

H1: There is no positive correlation between average amount of loan and average amount of profit generated by the sample units in study area

Table-6
Pearson Correlation Coefficient

Activity	Pearson Correlation Coefficient (2-tailed)
Agriculture	-0.4048
Farm	-0.016
Manufacturing Units	-0.0912
Retaining units	0.1405
Total	0.0269

Source – Primary data

The result of the hypothesis test indicated a slight positive correlation between the amount of loan and average amount of profit in the sample units. So we accepted the null hypothesis.

4.5 Analysis of empowerment

One of the objectives of the study is to analyze the level of empowerment gained by the members after they join SHG. For this purpose seven variables identified as empowerment factors such as access to financial inclusion, awareness on social issues, educational knowledge, awareness on health issues, financial awareness, awareness about political issues and improvement in social status.

Table-7
Pearson Correlation Coefficient

Empowerment Variables	Urban (Rank)	Rural (Rank)
Financial inclusion	132	127
Awareness on social issues	91	84
Educational Knowledge	117	90
Awareness on health issues	114	87
Financial Awareness	110	84
Awareness on political issues	87	102
Improvement in social status	97	92

Source – Primary data

To test the nature of relationship between the empowerments of women after joining with NGOs, Mann-Whitney test is conducted by ranking various empowerments of women.

The null hypothesis (H0) as there is no significant difference between various empowerments achieved by the members in urban and rural area.

The alternative hypothesis (H1) as there is significant difference between various empowerments achieved by the members in urban and rural area.

Table-8
Mann-Whitney u -test

	U	Z	CV
Mann-Whitney	5.5	-2.003	9.96
N	120		

* 5% level of significance

Since the calculated value of Z (-2.003) is less than the table value (1.96) at 5% level of significance, the null hypothesis (H0) is accepted and it is concluded that there is no significant difference between various empowerments made by women in urban and rural area .

4.6 Analysis of challenges faced by the members

Following part of the study aims to explore the challenges faced by the respondents while conducting their business. Following problems were recognized as challenges and classified such as financial, marketing and management problems, lack of support from the family and communication barrier and the respondents were asked to rank their preference accordingly. Friedman test is used to analyze the challenges faced by the respondents. The test was done with the following hypothesis;

H0: Problems are identical to the respondents

H1: Problems are identical to the respondents

Table-9
Major challenges faced

Major challenges	Urban (Rank)	Rural (Rank)
Financial problems	62	63
Marketing problems	57	59
Management problem	65	68
Lack of support from family	72	74
Communication barrier	55	59

Source – Primary data

Table-10
Friedman test

	Xr ²	d.f	CV
Friedman test	8	4	9.49
N	120		

* 5% level of significance

Since the observed value of Xr² (8) is less than the critical value (9.49) at 5% level of significance, the null hypothesis (H0) is accepted and it is concluded that the problems are identical to the respondents.

5. Major Findings of the Study

Following are the major findings of the study based on analysis of the data;

1. Majority of the respondents (33%) considering that financial assistance is the main reason to join NGOs.
2. 42% of the respondents were considering job opportunity as the basic reason to start micro enterprises. T points out the effectiveness of SHG programme as an avenue for employment generation.
3. Analysis reveals the fact that, micro enterprises from urban areas are availing more micro credit in the form of micro loans from NGOs with an average of Rs 158000 under the study area.
4. Urban area micro enterprises are making more profit (Rs185325) than rural area micro enterprises (Rs 147800).

5. Correlation analysis revealed that there is a positive relationship existing between loan and profit, i.e. increase amount of loan leads more profit of the enterprises.
6. Financial inclusion is ranked highest regarding various empowerment factors gained by the respondents in both urban and rural area. It can also be interpreted from the analysis that there is no significant difference between various empowerments achieved by the members in urban and rural area after they joined SHGs.
7. Regarding various problems they faced, lack of support from family is the main constraint which restrains them to engage in entrepreneurial activities. It is also revealed from the analysis that problems they faced are identical for both urban and rural micro entrepreneurs under study area.

6. Conclusion

Rural empowerment is considered as a vital social issue of every government especially in a developing country like India. Several measures were adopted by the governments and different agencies were advocated to provide assistance for those who are excluded from formal financial sector. NGOs are one of the agencies providing enormous services in this area. Present study analyses the role of NGOs in rural empowerment and it finds that there is an improvement in all activities after attending the NGO programmes by the members. The savings of the members are increased through the support of NGOs. They are conducting various innovative programmes for the welfare and the empowerment of the poor. We may conclude that the supports from NGOs are quite successful for the empowerment of the members.

References

- [1] Biswas Pathania Manju, Dr. M. Rama Mohan Rao. Role of NGO in Empowering Women through Microfinance: A Conceptual Study, *Journal of Small Business and Entrepreneurship Development*, 2014, 2(2), 141-150.
- [2] Shane .S, Role of NGOs in Rural Development, The University of Burdwan, 2012.
- [3] Esther Duflo. Women Empowerment and Economic Development, *Journal Of Economic Literature*, 2012, 50(4), 1051-1079.
- [4] Geeta Shroff, Design models for women empowerment", Carnegie Mellon University, 2010.
- [5] Islam A. Carolyn, NGOs vulnerabilities; Donors and Resource dependence, Claremont McKenna College, 2008
- [6] Suharko, The Role of NGOs in Poverty Reduction: The Case of Indonesia and India; Proceeding of the International Symposium Interdisciplinary Development Studies of Poverty Reduction Policies, GSID, Nagoya University Japan.. 2007
- [7] Francis Amaagoh; Improving the credibility and effectiveness of NGOs, *Progress in Development Studies*, 2015, 15(3), 221-239
- [8] Prabhakar Katte & Lavanya Kakumari; NGOs; Problems and Remedies in India, *Serbian Journal of Management*, 2011, 6(1), 109-121
- [9] Zafar Huma; Empowering Women: NGOs Project-Impacts in Baluchistan-Pakistan, Western Sydney University, Australia, 2016.