

The Role of Community Based Organizations (CBOs) in Community Empowerment through Microfinance and Skill Development in Mardan, Pakistan

Dilkash Sapna*, Muhammad Nisar

Department of Sociology and Gender Studies, Bacha Khan University, Charsadda, KP, Pakistan

Received: October 21, 2017

Accepted: January 12, 2018

ABSTRACT

The present study was an endeavor to figure out the role of Community Based Organizations (CBOs) in the improvement of the rural people of District Mardan through microfinance and skill development. The study zone comprised of three Union Councils from provincial territories of District Mardan. All out 335 respondents were chosen for research through Multi-stage random sampling technique. A nearby finished survey was intended to gather information from these 335 respondents. Chi-square test was used to determine the relationship between the independent variable (Microfinance and Skill Development) and dependent variable (Community Empowerment). The dependent variable was cross-tabulated with the independent variable. The study found a significant and positive association between the profits provided by CBOs and community empowerment ($p=.000$), the commitment of individual reserve funds ($p=.000$), and the role of CBOs in community empowerment, the credit taken by an individual ($p=.000$), utilization of advance ($p=.000$), diverse trainings ($p=.000$), the profits of individual and household utilization or salary and aptitudes level improvement ($p=.000$), and getting any Government job through the skilled development training ($p=.000$). However, non-significant associations were found between whether credit served to begin their own particular business in the wake of getting the advance with the role of CBOs in community empowerment ($p=.147$) and budgetary increment after aptitude development preparing with role of CBOs in community empowerment ($p=.018$). "The study concluded that the training programs and small individual loans for individuals have been the most common component of the National Rural Support Program (NRSP) in order to improve the socio-economic conditions and capacity building of the rural poor. Small loans given the convenience and low cost to borrowers was generally attractive and much appreciated. The study recommended that CBOs platform, structure must not to utilize only for credit purposes, additionally for determining individual question and other related social issues/ exercises. There is a need to expand the thickness of CBOs including more union gatherings, towns and groups in an area."

KEYWORDS: Microfinance, Skill Development, CBOs, COs, Community Empowerment.

1. INTRODUCTION

A community is a group of people who have something in common. Usually a community is first thought of as people who share the same district or locality. But it broadly and accurately means people who have things in common with others which involves them living together and sharing their resources. The family is the foundation of any larger community. While it is a community itself, which forms the thread and fabric of any larger community. Some of the qualities of a family that reflect community are: living together, sharing resources, the stronger providing for and protecting the less strong one, working together for a common goal, playing together and experiencing each other high and lows (Corbett, 2001)."

Community empowerment is prominently more than involvement and participation or engagement of communities. It covers up community ownership that distinctly aims for promoting social, economic, and political growth. Renegotiating power for more control over local resources is community empowerment. (Baum, 2008).

"Mayo & Craig (1995) described that international agencies, for example, World Bank have seen community participation as a means for ensuring that developing projects in the developing countries in order to reach the poorest in the most efficient and cost-effective way. According to them the primary objective of community participation for majority of NGOs is empowerment. Empowering the power has become a popular universal slogan. Due to increasing poverty, polarization and social exclusion, community participation and empowerment in the context, both in the North and in the South, have been increasingly widely advocated.

Community Based Organizations (CBOs) or Community Organizations (COs) are non-profitable, associations working at the grass root, neighborhood and national level, supporting consolidate endeavors for improvement of the group. CBOs serves as an administration supplier of micro-credit with the application of participatory focused methodologies of improvement, group strengthening being developed, searches for group fundamental needs like health, education and foundation enhances with time. (Husain, Khattak & Khan, 2008).

National Rural Support Programme (NRSP) through the links it establishes with Government Departments and with the private/ corporate sector through CO attracts funds for new activities (NRSP, 2005).

Since 2005, the NRSP has embraced a strategy of three level structure of social assembly, packing CO at the nearby level, VO at the town level and LSO generally run at the Union Council (UC) Level. This structure is connected as a practical apparatus to both far reaching and stretched efforts. As of June 2001, the NRSP secured 1,945,645 CO parts comprising of 1,023,034 men (53%) and 922,611 1 women (47%) (NRSP 2010-11)."

"Khan (2009) demonstrated that NRSP dispensed Rs. 11.29 billion in 868,573 advances through COs since the beginning of the provincial credit project to the end of 2006. An essential point is that 80-85 percent of CO parts took these advances. Amid the whole period, 15% of the credit sum and 21% of advances were given to the ladies. Provincial credits are given for four reasons: purchase of yield inputs, domesticated animals, interest in little business (shop keeping, and so on) and the little base.

Sehar (2011) stated that concentrating on social monetary states of the country individuals, it is discovered that farming credit is one of the measure which can help the individuals to come and stand with the individuals who are appreciating all the fundamental necessities of life.

The discoveries of the investigation of Njuguna (2013) stated that there exists a relationship between CBO, exercises and monetary strengthening in the country employments. The study prescribes that level of association and techniques for task choice ought to be concentrated as one of the variables for examination when selecting CBOs action; if monetary strengthening is a need.

Khan (2009) described the experience of RSPs and said that the core programs of NRSP works in two ways. In a majority of the districts, its partnership with rural communities involves the delivery of certain services and assistance to the COs in forging linkages with outside agencies. In another district, NRSP works as a contractor or facilitator with other service providers for 'social mobilizations'. In building human capital, NRSP has assisted the rural communities in two ways. First, it has helped them develop new skills and enhance their capabilities to increase the productivity of resources, production levels, options for jobs, new enterprises and income levels. The second front is in basic health care and education both by direct delivery of services and by linkages with other service providers for basic education and health care."

2. MATERIAL AND METHODS

The study was conducted in three Tehsils of District Mardan. There are 75 Union Councils (UCs) in district Mardan with 60 Rural 15 Urban. Out of the 33 UCS, 03 UCs where NRSP worked with CBOs (i.e. Ghala Der, Gumbat, Katlang) were purposely selected for the study.

Sampling Procedure and Sample Size

A multistage random sample was constructed by taking a series of simple random samples in different stages.

Stage 1: A large area was first divided into smaller regions and Random samples of these regions were selected.

Table 1: Tehsil, UCs and CBOs in District Mardan

Name of Tehsil	Union Councils	Name Of CBOs	Total No of CBOs (VOs, COs, LSO)
Mardan-1	GhalaDer,	IDEA	72
Mardan-2	Gumbat	(GDO)	42
Katlang	Babozai	Babozai Welfare org	58

Stage 2: In the second stage, a random sample of smaller areas were taken from each the regions chosen in the first stage.

Stage 3: In the third stage, a random sample of even smaller areas was taken from the areas chosen in the second stage.

The sample size was determined by Sekeran 2003. A sample of 335 was randomly selected from the total population to find out the role of CBOs in the community empowerment through micro finance

and skill development. This sample has been in consideration put forward that a sample size must not be less than 30 or up to 500 (Sekeran, 2003).”

$$n = n \cdot \frac{N_1}{N} \quad \text{Proportional Allocation Method.}$$

Table 2: Breakup of Composite Sample Size

Name of Tehsils	Total No of Union Councils	Total No of CBOs (VOs, COs, LSO)	No of CBOs Members	Sample Size
MARDAN-1(IDEA)	15	72	1080	140
MARDAN- 2(GDO)	10	42	630	83
KATLANG(BABOZAI)	08	58	870	112
TOTAL	33	172	2580	335

Source: NRSP/IDEA (CBOs) Statistical Information Mardan.

“In the light of the objectives of the study a detailed interview schedule was constructed through which the data was collected from the respondents. Before the data collection rational of the study was discussed with the respondents. The data was analyzed through SPSS programme and presented in Uni-Variate and Bi-Variate forms. A Uni-variate analysis was made for the variables, which was consist of frequency distribution and percentage proportions. Percentage of each data classes was calculated by using the following formula,

$$\text{Percentage of data class} = \frac{f}{N} * 100$$

Where f = frequency of data class
And N = Number of observations in data set

Bi-variate analysis was carried out to study the association between independent variable (Microfinance and Skill Development) and the dependent variable (Role of CBOs in community empowerment) with the help of chi square test. Taking after the factual strategy was executed to figure the Chi square as imagine by Tai (1978)

Formula of chi-square

$$\chi^2 = \sum_{i=1}^r \sum_{j=1}^c \frac{(O_{ij} - e_{ij})^2}{e_{ij}}$$

Where χ^2 is a Chi Square

Oij and eij are the observed and expected frequencies corresponding to ith row & jth column of a contingency table respectively.

df is the "degree of freedom" (r-1) (c-1).”

3. RESLUT AND DISCUSSION

Table 3: Do you ever get any personal benefit through the CO?

Statement	Frequency	Percent
Taken loan	58	17.3
Taken Training	235	70.1
Both 1&2	42	12.5
Total	335	100.0

EXPLANATION:

“A member can take individual benefits from / through CO in terms of small loan and skills development training indicates that 235/335 (70.1%) respondents were getting personal benefits through taking training while 58/335 (17.3%) respondents were saying that they had taken loan benefit and the remaining 42/335 (12.5%) responded about taking both loan and training as a personal benefit.

Table 4: Distribution of Respondents Regarding Monthly Saving

Statement	Frequency	Percent
100-500	73	21.8
500 and above	49	14.6
No donation	213	63.6
Total	335	100.0

EXPLANATION:

Saving is one of the features of CO's activities. In this process, CO member donates a certain amount (whatever one can afford) for the development purposes. Table indicates that most of the respondents (63.6%) did not donate any amount as saving in CO. 21.8 % of the respondents donated up to 500 rupees while 14.6% donated 500 and above Rupees. Most of the respondents did not donate any money for COs as a saving, and were of the opinion that there was no development work or project taking place in their community.

Table 5: Distribution of respondents regarding amount of loan taken

Statement	Frequency	Percent
Rs. 10,000-20,000	128	38.2
Rs. 20,000-40,000	207	61.8
Total	335	100.0

EXPLANATION:

NRSP credit system is expanding firmly now-a-days. Credit was also given without the formation of CO, although CO members can take it. These were a small amount of credit, but it still played a very important role in the up-gradation of the life of rural people. People took this loan for agricultural purposes, for livestock purposes and for small businesses like shops, property, etc. These loans increase their income and production level. The table indicates the amount of loan taken by respondent from NRSP through the CO. Out of the total 335 respondents, 207/335 (61.8%) respondents were in the category of 20000 to 40000 rupees, and 128/335 (38.2%) were taken loan approximately calculated 10000 to 20000 rupees.

Table 6: Did the loan used for the same Purpose, for which it is taken?

Statement	Frequency	Percent
Yes	97	29.0
No	209	62.4
Don't Know	29	8.7
Total	335	100.0

EXPLANATION:

Above table indicates that out of the total 335 respondents, majority 209/335 (62.4%) did not use loan for the same purpose, while the other 97/335 (29.0 %) respondents were agreed to use the loan for the same purpose of which it was taken and 29/335 (8.7%) did not know about the use of the loan.

Table 7: Did you become able to start your own business after receiving the loan?

Statement	Frequency	Percent
Yes	70	20.9
No	151	45.1
Don't know	114	34.0
Total	335	100.0

EXPLANATION:

Above table indicates that 151/335 (45.1%) respondents were stated that the loan did not help them to start their own business while 114/335 (34.0%) even did not know the answer of it and 70/335 (20.9%) of them took benefit and started their own business.

Table 8: What is the procedure of paying back of the loan?

Statement	Frequency	Percent
Monthly installment	30	9.0
Six Months Plan	177	52.8
Year Wise Installment	128	38.2
Total	335	100.0

EXPLANATION:

The above table shows the respondents opinion regarding the procedure of paying back of the loan. People used different methods for the payment of the loan. Out of total 335 respondents, 177/335 (52.8%) paid the loan by six-month plan, 128/335 (38.2%) respondents were used annual installment method while others 30/335 (9.0%) used monthly installment method.

Table 9: Are you satisfied with the procedure of loan taking and returning?

Statement	Frequency	Percent
Yes	92	27.5
No	209	62.4
Don't know	34	10.1
Total	335	100.0

EXPLANATION:

The frequency and percentage distribution of the respondents with respect to their view the procedure of the loan stated that most of the respondents (62.4%) were not satisfied from the procedure of loan taking and refunding. Furthermore, 92/335 (27.5%) respondents were appreciated the procedure while the remaining 34/335 (10.1%) respondents don't not the answer.

Table 10: Distribution of respondents regarding taking any training / course through CO:

Statement	Frequency	Percent
Computer and Electrician	60	17.9
Tailoring and Embroidery work	112	33.4
Livestock and Agriculture work	150	44.8
Health and Education Work	13	3.9
Total	335	100.0

EXPLANATION:

The table indicates that the majority of the respondents 150/335 (44.8%) had taken livestock and agriculture related trainings. Besides this 112/335 (33.4%) respondents were also taken tailoring and embroidery training for personal as well as for sale purposes. On the other hand, male respondents had taken mostly computer and electrician related 60/335 (17.9%) and others 13/335 (3.9%) were related to health and education.

Table 11: Distribution of respondents regarding the kind of benefit taken from such Loan or Training

Statement	Frequency	Percent
Income and skill level improve	122	36.4
Personal & domestic Use	213	63.6
Total	335	100.0

EXPLANATION:

The above table shows that 213/335 (63.6%) of the people was given the benefit of personal and domestic use while 122/335 (36.4%) of them used it for income and skills level Improvement purposes.

Table 12: Did you get any Govt. or private sector job by getting any skill development training?

Statement	Frequency	Percent
Yes	178	53.1
No	157	46.9
Total	335	100.0

EXPLANATION:

The above table signifies that out of the total 335 respondents, 157/335 (46.9%) have not got any job while 178/335 (53.1%) respondents were helped by the skills to get a job.”

Table 13: Association between the Role of CBOs in community Empowerment and Microfinance and Skill Development

Attributes	Response	Role of CBOs in Community Empowerment			Total	Chi Square
		Yes	No	Don't know		
Do you ever get any personal benefit through CBOs?	Taken loan	16(4.8)	40(11.9)	2(.6)	58(17.3)	$\chi^2=23.322$ (p=.000)
	Taken Training	24(7.2)	208(62.1)	3(.9)	235(70.1)	
	Both 1&2	14(4.2)	28(8.4)	0(0)	42(12.5)	
	Total	54(16.1)	276(28.4)	5(1.5)	335(100.0)	
Have you ever been contributed your savings to CBO for lending the loans? (If yes, how much per month)	100-300	8(2.4)	62(18.5)	3(.9)	73(21.8)	$\chi^2=37.189$ (p=.000)
	500 and above	22(6.6)	27(8.1)	0(0)	49(14.6)	
	No donation	24(7.2)	187(55.8)	2(.6)	213(63.6)	
	Total	54(16.1)	276(82.4)	5(1.5)	335(100.0)	
How much loan has been taken? Rs. 10,000-20,000	10,000-20,000	40(11.9)	88(26.3)	0(0)	128(38.2)	$\chi^2=37.189$ (p=.000)
	20,000-40,000	14(4.2)	188(56.1)	5(1.5)	207(61.8)	
	Total	54(6.1)	276(82.4)	5(1.5)	335(100.0)	
What is the procedure of paying back of the loan?	Monthly installment	11(3.3)	17(5.1)	2(.6)	30(9.0)	$\chi^2=18.200$ (p=.001)
	Six Months Plan	28(8.4)	147(43.9)	2(.6)	177(52.8)	
	Year Wise Installment	15(4.5)	112(33.4)	1(.3)	128(38.2)	
	Total	54(16.1)	276(82.4)	5(1.5)	335(100.0)	
Are you satisfied with the procedure of loan taking and returning?	Yes	29	63	0	92	$\chi^2=26.407$ (p=.000)
		8.7%	18.8%	.0%	27.5%	
	No	24	180	5	209	
		7.2%	53.7%	1.5%	62.4%	
	Don't know	1	33	0	34	
		.3%	9.9%	.0%	10.1%	
	Total	54	276	5	335	
		16.1%	82.4%	1.5%	100.0%	
What kind of training or course you have taken?	Computer and Electrician	19(5.7)	41(12.2)	0(0)	60(17.9)	$\chi^2=21.884$ (p=.001)
	Tailoring and embroidery work	16(4.8)	96(28.7)	0(0)	112(33.4)	
	Lives stock and Agriculture work	16(4.8)	130(38.8)	4(1.2)	150(44.8)	
	Total	54(16.1)	276(82.4)	5(1.5)	335(100.0)	
What kind of benefit you got from such things?	Income and Skill Level Improve	45(13.4)	77(23.0)	0(0)	122(36.4)	$\chi^2=62.845$ (p=.000)
	Personal Domestic Use	9(2.7)	199(59.4)	5(1.5)	213(63.6)	
	Total	54(16.1)	276(82.4)	5(1.5)	335(100.0)	
Did you get any Govt. or private sector job by getting any skill development training?	Yes	49(14.6)	128(38.2)	1(.3)	178(53.1)	$\chi^2=37.934$ (p=.000)
	No	5(1.5)	148(44.2)	4(1.2)	157(56.9)	
	Total	54(16.1)	276(82.4)	5(1.5)	335(100.0)	

"Table 13 shows that a member can take individual advantages from/ through COs as far as little credit and abilities development demonstrates a significant ($p=.000$) relationship between the profits of the advance and trainings with the role of CBOs in community empowerment. It was emphatically accepted that arriving at the poor through the building limit of grouping parts is the best way to get them out of neediness. In this respect, participatory methodology was received. The system was planned in a manner that the groups ought not to be inactive beneficiaries rather be dynamic accomplices in the development process. Similarly saving is one of the gimmicks of CO's exercises. In this methodology, COs part gives a certain sum (whatever one can manage) for the development purposes, here a highly significant ($p=.000$) relationship found between the commitment of individual reserve funds and the role of CBOs in community empowerment. As per Khan "CO parts have spared Rs. 827 million till 2009 in 40 locale of Pakistan" (Khan, 2009). As most of the respondents were unconscious of aggregate sparing of the CO, so the discoveries were very contradictory to those of Khan. As indicated by him, "every CO Member conveys a booklet in which the CO Chief record investment funds and advances, and supervisor the ledger of aggregate funds (Khan, 2009). NRSP credit framework is exhausting immovably now-a-days. Credit was additionally given out without the development of CO, despite the fact that CO parts can take it. These were a little measure of credit; however, despite everything it assumed an essential part in the up-degree of the life of provincial individuals. Individuals took this advance for rural purposes, for animal's purposes and for

little organizations like shops, property, and so on. These credits most likely expand their pay and generation level. A significant ($p=.000$) relationship was found between the credit taken by an individual and the role of CBOs in community empowerment. Khan (2009) demonstrated that NRSP dispensed Rs. 11.29 billion in 868,573 advances through COs since the beginning of the provincial credit project to the end of 2006. An essential point is that 80-85 percent of CO parts took these advances. Amid the whole period, 15% of the credit sum and 21% of advances were given to the ladies. Provincial credits are given for four reasons: purchase of yield inputs, domesticated animals, interest in little business (shop keeping, and so on) and the little base.

A significant ($p=.000$) relationship was found between the utilization of advance for the same reason with the part of CBOs in community empowerment. A non-significant ($p=.147$) relationship was found with, whether credit served to begin their own particular business in the wake of getting the advance with the role of CBOs in community empowerment. A significant ($p=.001$) association found between the methodology of paying once more of the advance. Individuals utilized diverse techniques for the installment of the credit i-e month to month, six-month arrangement and year shrewd portion plan. A significant ($p=.000$) relationship was observed with respect to fulfillment from credit taking strategy and coming back to the role of CBOs in community empowerment. A significant ($p=.001$) relationship was found between diverse trainings of domesticated animals and horticulture, customizing, weaving, machine, circuit tester, wellbeing and training identified with the role of CBOs in community empowerment. Khan (2009) investigates that Capacity building of the people was the principal target of these COs. A definitive motivation behind their exercises was to enhance the financial status of the destitute living in these groups. RSPs (NRSP as its part) have helped a huge number of men and women get new abilities in administration and records, fundamental instruction and human services, administrations of yields and animals, and various different occupations, for example, customizing, sewing, weaving, apples and oranges preparing, mechanical and electrical repairs, and so on.

Besides a highly significant ($p=.000$) association was found between the profits of individual and household utilization or salary and aptitudes level improvement with the role of CBOs in community empowerment. Also, a very significant ($p=.000$) relationship was additionally found of getting any Government job through the skilled development training. Alternately, private segment work of getting any aptitude development, preparing with role of CBOs in community empowerment. Concentrating on social monetary states of the country individuals, it is discovered that farming credit is one of the measure which can help the individuals to come and stand with the individuals who are appreciating all the fundamental necessities of life (Sahar, 2011). However, a non-significant ($p=.018$) association was found between budgetary increment after aptitude development preparing with role of CBOs in community empowerment. The discoveries of the investigation of Njuguna created that there exists a relationship between CBO, exercises and monetary strengthening in the country employments. The study prescribes that level of association and techniques for task choice ought to be concentrated as one of the variables for examination when selecting CBOs action; if monetary strengthening is a need (Njuguna, 2013)."

4. Conclusions and recommendations

"It is concluded from the study that the training programs and small individual loans for individuals have been the most common component of the National Rural Support Program (NRSP) in order to improve the socio-economic conditions and capacity building of the rural poor. Small loans given the convenience and low cost to borrowers was generally attractive and much appreciated. On the other hand, the new or improved skills had made a significant contribution to the well-being of trained individuals, the productive capacity of community assets (e.g. Livestock) resources (land, water, etc.), and basic social services. The results of the study show that the income level or production level increased from one to four thousand per month and ultimately it was a huge achievement. The study recommended that as social assembly is a long-haul wander, so there is a requirement for further financing. Loans given to the people are not sufficient and it must to be expanded at least to one Lac rupees. The legislature, social administration, supplier organizations and other social service provider agencies should provide funds for this purpose. Furthermore, CBOs platform, structure must not utilize only for credit purposes, additionally for determining individual question and other related social issues/ exercises. There is a need to expand the thickness of CBOs including more union gatherings, towns and groups in an area."

REFERENCES

- [1] Baum, F. (2008). Foreword to health promotion in action: from local to global empowerment. <http://www.who.int/healthpromotion/conferences/7gchp/track1/en/index.html>
- [2] Corbett, A. (2001). *Living as a Community. The Origins of Community*. Legana. Tasmania. Australia.
- [3] Ethnne. (1982). *The Scheme Development Process: A Participatory Approach Developed in the FATA project, Pakistan*. DHV consultants, Amersfoort, Netherlands. P. 115-122.
- [4] FAO. Food and Agriculture Organization. (1991). *Plan of Action for People's Participation in Rural Development*. Twenty-sixth session. FAO conference. Rome, 9-28 November 1991. P.20.
- [5] Hussain, A., Khattak, N.R., & Khan, A. Q. (2008). The role of CBOs in rural development (A case study of selected CBOs in District Swat). *Sarhad J. Agric.* 24(4): p 1.
- [6] Khan, M. H. (2009). *Participatory Rural Development in Pakistan: Experience of Rural Support Programmes*. Oxford University Press. New York. P.199-221.
- [7] Njuguna, S. N. (2013). *The Influence of CBOs Activities on Economic Empowerment of Rural Communities – A case of Selected CBOs in Bahati Division, Nakuru County, Kenya*. Master Thesis. School of Business. University of Nairobi. URL: <http://erepository.uonbi.ac.ke:8080/xmlui/handle/123456789/52379>
- [8] NRSP. (2005) – National Rural Support Programme
NRSP: http://www.nrsp.org.pk/social_mobilization.htm
- [9] NRSP. 2010-11. *Disaster Management and Outreach*. 17th Annual Progress Report. 2010-11. P.1
- [10] Sehar, M. (2011). *Impact of Agriculture Credit on Poverty Alleviation in Rural Areas of Pothwar*. Thesis MS. (Hons.) Agri Economic. University of Arid Agriculture Rawalpindi.
- [11] Sekaran, U. (2003). *Research Methods for Business*. USA, Hermitage Publishing Services.
- [12] Tai, S W (1978). *Social Science Statistics, it Elements and Applications*. California, Goodyear Publishing Company, Los Angeles.