Satisfaction Level of the Beneficiaries about the Microfinance Institutions: A Study in Erode District

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ABSTRACT :This paper comprised the details on the satisfaction level of beneficiaries about the services provided by microfinance institutions in the study area. Beneficiaries were recorded more money to these institutions in the way of annual savings. Meanwhile they were borrowed the amount of loan in the microfinance institutions for professionals' commitments. On the other hand, Socio-economic conditions wise, Data sources indicated that beneficiaries were dissatisfied, surely they disappointed with services of microfinance institutions. By keeping this, the present study deals with the satisfaction level of beneficiaries about the microfinance institutions in Erode District of Tamil Nadu. The findings also indicate that the most of the sample beneficiaries less level satisfaction about the microfinance institutions.

Keywords: Satisfaction, Microfinance Institutions, Beneficiaries, Poverty Alleviation.

INTRODUCTION

It has universally been accepted that the micro financing is a very successful instrument for eradication of poverty. Most of the developing countries are encouraging micro financing for alleviation of poverty and empowerment of women in their countries. In India also National Bank for Agriculture & Rural Development (NABARD) has been playing leading role in micro financing programme. Microfinance plays an input supplementary role in creation of assets of the poor. There are two dimensions of the impact of microfinance. Firstly, it facilitates the shelf-help groups (SHGs) members in general and enhancing their income which helps in strengthening their livelihood, increases the self confidence in managing their microfinance programmes. The strategy for poverty reduction accelerate the rapid economic growth with a focus on microfinance, access to basic minimum services for improving the quality of life of poorest of poor; and direct state intervention in the form of targeted antipoverty programmes. Rural development is primarily concerned with addressing the needs of the rural poor in the matter of sustainable economic activities. Alleviation of rural poverty can be achieved by identifying income-generating activities with focus on microfinance as the basic input for socio- economic development. Role of microfinance in eradication of poverty was stressed by the United Nations in its Economic and Social Council meet. Many microfinance beneficiaries do not have knowledge about the microfinance services for them. So it seems pertinent to study the satisfaction level of the beneficiaries about the microfinance institutions. Against this background, this paper is a modest attempt to examine the satisfaction level of the beneficiaries about the microfinance institutions.

REVIEW OF LITERATURE

Angel Anila (2012) examined the role of SHG in developing socio- economic status of rural women, and to identify the satisfaction level of self-help group members in SHG activities in Tirunelveli district. Self Help Group is an important tool which helps the rural women to acquire power for their self-supportive life and nation building efforts. The empowerment of women through SHGs would lead to benefits not only to the individual women but also for the family and community as whole. Empowering women is not just for meeting their economic needs but also for more holistic social development. The SHGs empower women and train them to take active part in socio-economic progress of the nation. It has been concluded that Self Help Group is an important tool which helps the rural women to acquire power for their self-supportive life and nation building efforts.

Sanjay Kanti Das (2012) made a study to explore on much debated question about the role of SHG as a financial intermediary for enhancing women empowerment. A primary sample study has been carried out to capture the realistic experiences and observations from the beneficiaries of SHG (under SGSY) of selected blocks in Nagaon Districts of Assam. The microfinance related loan ailment and its productive utilization found to be causing   significant differences in women empowerment levels were analyzed. The empirical findings of the study suggest that SHG-Bank Linkage of microfinance programme has a profound influence on the economic status, decision making power, knowledge and self-worthiness of women participants of SHG linkage programme in Assam.

Siddappa (2013) analyzed the performance and involvement of the group are based on many factors including the composition of the groups, way of functioning participation of

members in productive activities etc. Any study on the performance of SHG without considering the socio-economic aspect of members will reveal only half the story. An attempt is made to analyze the diversified activities of the members.

Shivalingap (2013) found that employment generation with the help of SHGs is more in below poverty line beneficiaries. Expenditure of beneficiaries had increased from last year to current year. True is positive impact of SHGs on earnings and employment generation. Majority of beneficiaries of all SHGs reported expansion in employment after getting loans. It is clear from the study that SHGs have the capability of generating employment and the experiment can be extended to all parts of the country.

An overview of the studies shows that the present study differs from other earlier studies in the aspect of area of the study, period of the study, methodology, tools and objectives. Hence, the present study is an attempt to fill the research gap.

OBJECTIVES OF THE STUDY

1. To assess the level of satisfaction of the beneficiaries about various microfinance services of microfinance institutions.

2. To offer suggestions for the improvement of contributions of microfinance institutions for eradication of poverty.

HYPOTHESIS OF THE STUDY

H_0 : There is no significant association between the independent variables (gender, age, marital status, residential area, type of the family, size of the family, educational qualification, occupation, annual income, annual expenditure, annual savings and amount of loan borrowed) of the beneficiaries and their level of satisfaction about the microfinance institutions.

RESEARCH METHODOLOGY

This is an empirical study based on survey method. As the areas of operation are wide, a pilot study was conducted as a prelude to understand the magnitude of the problems of beneficiaries. A detailed interview schedule was prepared in regional language to collect the primary data. Convenient sampling technique has been adopted for collection of primary data. Required data have been collected from the selected 600 sample beneficiaries. Such collected data have been analyzed with the help of various statistical tools like Percentage Analysis, Chi-square Test and Multiple Regression Analysis.

RESULTS & DISCUSSION

Level of Satisfaction

To measure the level of satisfaction, 25 statements the beneficiaries level of satisfaction has been measured with Rensis Likert's five-point scale. On the basis of quantification procedure, it is found that (72.80%) of the sample beneficiaries are having less level satisfaction about the microfinance institutions. Details of the findings are shown in Table 1.

TABLE 1 Classification of the Beneficiaries by Satisfaction Score

Satisfaction Level	No. of Beneficiaries	Total Score	Mean Score	SD
Less	437 (72.8)	30030	68.72	4.42
More	163 (27.2)	12846	78.81	2.90
Total	600 (100.0)	42876	71.46	6.05

Source: Primary Data

Table 1 indicates that 72.8% of the sample beneficiaries are in less satisfaction level. The mean score of the sample beneficiaries is 71.46 and Standard Deviation is 6.05. Hence, it can be concluded that majority of the sample beneficiaries (72.8) are less satisfaction.

SATISFACTION LEVEL OF THE BENEFICIARIES ABOUT THE VARIOUS MICROFINANCE INSTITUTIONS: CHI SQUARE TEST

Beneficiaries satisfaction level has been examined by framing a null hypothesis and the same has been tested with chi square at 5% level of significance. Details of the findings are shown in Table 2.

TABLE 2 Satisfaction level of the Beneficiaries about the Microfinance Institutions: Chi Square Test

S.No	Variables	DF	CV	TV	Result
1	Gender	1	2.342	3.841	Insignificant
2	Age	2	2.812	5.991	Insignificant
3	Marital status	3	6.207	7.815	Insignificant
4	Educational level	2	1.865	5.991	Insignificant
5	Nature of the family	1	1.077	3.841	Insignificant
6	Size of the family	2	3.287	5.991	Insignificant
7	Occupation	3	1.036	7.815	Insignificant
8	Residential area	1	1.434	3.841	Insignificant
9	Annual income	2	3.989	5.991	Insignificant
10	Annual expenditure	2	3.079	5.991	Insignificant
11	Annual savings	2	6.382	5.991	Significant
12	Amount of loan borrowed	2	6.220	5.991	Significant

Source: Primary Data

Note: DF: Degree of Freedom, CV: Chi-Square Value, TV: Table Value.

In Chi-square test analysis, it is found that the satisfaction level of the sample beneficiaries and socio-economic characteristics like gender, age, marital status, educational level, nature of the family, size of the family, occupation, residential area, annual income and annual expenditure are insignificant whereas, socio-economic characteristics like annual savings and amount of loan borrowed are significant

SATISFACTION LEVEL OF THE BENEFICIARIES ABOUT THE MICROFINANCE INSTITUTIONS: MULTIPLE REGRESSION ANALYSIS

Multiple Regression analysis has been applied with fifteen independent variables to ascertain the influence of the different set of independent variables on satisfaction. The regressions are estimated using cross-section data of 600 sample beneficiaries. Satisfaction score has been taken as dependent variable and socio-economic characteristics and independent variables. Details of the findings are shown in Table 3.

TABLE 3 Satisfaction Level of the Beneficiaries about the Microfinance Institutions: Regression Analysis

Variables	Unstandardized Co-efficient B	Standard Error	Unstandardized Co-efficient Beta	't' Statistic	Results
(Constant)	74.122	2.214		33.475	IS
Gender	0.827	0.541	0.063	1.528	IS
Age	-0.671	0.356	-0.079	-1.885	IS
Marital Status	-0.508	0.374	-0.056	-1.359	IS
Residential Area	-0.086	0.382	-0.010	-0.225	IS
Nature of Family	-0.629	0.329	-0.078	-1.911	IS
Size of Family	0.584	0.502	0.047	1.165	IS
Educational	-0.050	0.266	-0.008	-0.188	IS
Occupation	0.586	0.499	0.048	1.175	IS
Income	-0.026	0.304	-0.003	-0.085	IS
Expenditure	-0.496	0.293	0.070	1.697	IS
Savings	-0.699	0.367	0.078	1.904	IS
Amount of Loan	-0.169	0.315	-0.022	-0.537	IS
'R'	0.421				
'R^2'	0.177				
'F'	1.830				

IS: In Significant

From the Table 3, it can be inferred that the regression co-efficient of variables like gender, age, marital status, residential area, nature of the family, number of members, education level, occupational status, annual income, annual expenditure, annual savings and amount of loan are 1.528, -1.885, -1.359, -0.225, -1.911, 1.165,   -0.188, 1.175, -0.085, 1.697, 1.904 and -0.537 respectively. It is further observed that regression co-efficient of variables like gender, size of family, occupation status, annual expenditure and annual savings have positive effect on overall satisfaction scores. Regression Co-efficient of variables like age, marital status, residential area, nature of the family, educational status, annual income and amount of loan borrowed. have negative effect on overall satisfaction score. Variables like Gender, annual income, and annual expenditure are significant at 5% level. Variables like age, nature of the family and amount of loan borrowed are significant at 1% level. The R^2 value (0.177) indicates that 29.3% of the variation is captured from the variables included in the model. The "F" value (1.830) shows that the regression model fitted is statistically significant at 1% level.

SUGGESTION AND CONCLUSION

On the basis of the findings of the present study, the following viable suggestion offered for betterment of microfinance institutions services. In the present study, it is found that 72.80% of the sample beneficiaries are having less level satisfaction about the microfinance institutions. Hence, it is suggested that the Government of India and the Government of Tamil Nadu should take all possible steps to increase the level of satisfaction of the microfinance beneficiaries. By realizing the significance of microfinance institutions and microfinance beneficiaries, through this paper, an attempt has been made to identify the level of satisfaction of microfinance institutions services. On the basis of findings and suggestion has been offered for the purpose of increase the level of satisfaction of the beneficiaries.

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