Entrepreneurship Development for Rural Women Through Self Help Group Approach

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ABSTRACT

Entrepreneurship offers tremendous opportunities for women across the world by opening doors to greater self-sufficiency, self-esteem, education, and growth, not only for the women themselves, but also for their families and employees. The linking up of the micro enterprise and micro credit through self help groups (SHGs) can become financially self-sustaining. Financial, institutional and human resources have to be integrated for building the micro enterprise potential. In the context of micro credit, the SHGs are expected to master up resources for future towards income generating activities. Therefore, the present study has been formulated to study the entrepreneurship development of women through self-help groups. A logistic regression model was used in the study to empirically quantify the relative influence of various factors in the decision of the respondents of either being an entrepreneur or not being an entrepreneur. The estimation yielded the expected signs for the coefficients of all the independent variables. Entrepreneurial behaviour of the women entrepreneurs was studied and the results showed that there was good level of development in the dimensions considered for the study. The problems faced by the women entrepreneurs were ranked using Garrett ranking technique. Lack of single window service, lack of knowledge on improved technology, high competitions were some of the major problems faced by the women entrepreneurs.

Key words: *Entrepreneurship development; Self Help Groups; Microenterprises; Women entrepreneurs;*

Women entrepreneurship development is an essential part of human resource development. The development of women entrepreneurship is very low in India, especially in the rural areas. In advanced countries, there is a phenomenal increase in the number of self employed women after the Second World War. The scheme of Self Help Groups (SHGs), launched in 1982-83, inaugurated an era for systematically organizing women in groups for providing them opportunities of self-employment on a sustained basis in India (*Ravi and Vikraman, 2012*). Several thousands of rural women from the length and breadth of the country participated in this program, and took up a number of trades under the self help group banner. Studies have shown that the delivery of microfinance to the poor is productive, effective and less costly, if they are organized into SHGs (*Saikia and Deka, 2017*). Women self help groups are transforming the face of Tamil Nadu and strengthening the fabric of gender equity. Economic independence and managerial training have empowered the members. There are 6.96 lakh women self help groups in Tamil Nadu comprising 130.32 lakh members and their total savings is Rs.8921 crores, while credit is to the tune of Rs.65,930 crores from banks. The government showcases economic activity to encourage its spread. But majority of the groups are involved in rotating their group savings for various needs. An estimated 20 per cent, perhaps, is engaged in diverse enterprises. To a large majority of Indian women, the highest motivation for work is an economic necessity. Among the educated and highly educated, the strongest motivation for starting their own business is the desire of satisfaction and achievement rather than economic and social compression.

Worldwide, many women are entrepreneurs as they are hard workers, adventurous, self-determined and are willing to take risks in setting up new enterprises (*Saikia, 2017*). Entrepreneurship emerges from an individual's creative spirit into long-term business ownership, job creation and economic security (*Acharya, 2018*). Entrepreneurship offers tremendous opportunities for women across the world by opening doors to greater self-sufficiency, self-esteem, education, and growth, not only for the women themselves, but also for their families and employees. As their numbers grow and as their business prosper, they will change the way the world does business. Women's contribution to national development is crucial. The process of development would be incomplete and lopsided unless women are fully involved in it. Women must be recognized as a power in development and involved actively and productively in the development process. Women are equally endowed with motivation and managerial capabilities in starting and running small enterprises when located in their own homes or community (*Rajula Shanthy, 2010*). Promoting and developing such entrepreneurship among rural women require initiative encouragement and support from the development agencies. The Self-Help Groups in different parts of the country have proved to be quite confident in exploiting the micro-enterprise opportunity, wherever they are properly trained and their capacity built. Entrepreneurial skills are a pre-requisite for micro enterprise development. Some of these skills can be acquired through training, preferably on the job. The linking up of the micro enterprise and micro credit through self help groups can become financially self-sustaining. Financial, institutional and human resources have to be integrated for building the micro enterprise potential. In the context of micro credit, the SHGs are expected to master up resources for future towards income generating activities. Therefore, the present study has been formulated to study the entrepreneurship development of women through self help groups, with the following specific objectives.

i. To study the entrepreneurial behaviour of women entrepreneurs of self help groups.
ii. To study the factors influencing the women entrepreneurship development and the problems faced by them.

METHODOLOGY

Multistage stratified random sampling technique with Cuddalore district as the universe, the community Development Blocks as the first stage unit, the SHGs that have completed at least three years of linkage with banks as the second stage unit, and the members of the SHGs as the third and ultimate unit of sampling, were adopted for this study. After arranging the blocks in Cuddalore district in the descending order of magnitude based on the cumulative number of SHGs linked with banks, as at the end of March 2018, two blocks were selected randomly. The SHGs in these selected blocks which have completed at least three years of linkage with the banks were listed separately based on the date of registration and 50 SHGs which received loans for starting the microenterprises were selected randomly. The respondents at the rate of two members from each of these SHGs were selected at random. Consequently, the ultimate sample for this study consisted of 100 SHG members. The primary data were collected from the SHG respondents and was carried out through personal interview using well-structured and pre-tested interview schedules. The data collected from the respondents included details on their socio-economic status including their entrepreneurial skills acquired and the problems faced by the women entrepreneurs.

Estimation of the Logit Model : A logistic regression model was used in the study to empirically quantify the relative influence of various factors in the decision of the respondents of either being an entrepreneur or not being an entrepreneur. The logit model in this study postulates that Pi, the probability that a respondent i decides to become an entrepreneur of a SHG is a function of index variable Zi summarizing a set of the individual attributes. The index variables Pi indicating whether the respondent decides to become an entrepreneur or not has been expressed as a linear function of the independent variables. Thus, the logit regression model has been specified as follows.

$$L_i = \beta_0 + \beta_1 X_1 + \cdots + \beta_7 X_7 + \mu_i$$

Where,

X_1 = Age of the respondent in years; X_2 = Literacy level of respondents, in years ; X_3 = Caste of the respondents;

X_4 = Per capita income of the household (in rupees);

X_5 = % of earners in the family; X_6 = No. of trainings attended;

X_7 = No. of social participations;

$\beta_{i's}$ = Parameters to be estimated; μ_i = Error term

The garrett ranking technique : Ranking is an expression of the respondents' priority about their thoughts and feelings. *Ray and Mondal (2004)* have enunciated a scoring procedure suggested by *Garrett in 1969* for converting the ranks into scores when the number of items ranked differed from respondent to respondent. The conversion method used was as follows.

As a first step, the per cent position of each rank was found out by using the following formula:

$$\text{Per cent position} = \frac{100(R_{ij} - 0.5)}{N_j}$$

where,

R_{ij} = Rank given for i^{th} item by the j^{th} individual

N_j = Number of items ranked by j^{th} individual

The per cent position of each rank, thus, obtained was then converted into scores by referring to the Table given by Garrett in 1969. The respondents were requested to rank the opinions / reasons relevant to them according to the degree of importance. The ranks given by each of the respondents was converted into scores. Then for each reason, the scores of individual respondents were added together and divided by the total number of respondents. These mean scores for all the reasons were arranged in the descending order and ranks were given. By this method, the accuracy in determining the preference was obtained.

In this study, the Garrett ranking technique was used to study the problems faced by the women entrepreneur**.**

RESULTS AND DISCUSSION

Dimensions of entrepreneurial behaviour : The various dimensions of entrepreneurial behaviour, such as self confidence, achievement motivation, innovativeness, risk orientation, competitive orientation and entrepreneurial knowledge were taken for the analysis. The respondents were grouped into three different categories namely, low, medium and high. The results on the distribution of respondents according to their entrepreneurial behaviour under different dimensions are presented in Table 1.

Self Confidence : It is seen that majority of the respondents (72%) had high level of self-confidence followed by medium (16%) and low (12%) level of self confidence. The respondents were educated and possessed leadership which in turn might have enabled them to be self-confident.

Table 1. Distribution of Respondents According to their Entrepreneurial Behaviour

Dimension	Low	Medium	High
Self confidence	12 (12.00)	16 (16.00)	72 (72.00)
Achievement motivation	10 (10.00)	28 (28.00)	62 (62.00)
Innovativeness	16 (16.00)	32 (32.00)	52 (52.00)
Risk orientation	20 (20.00)	38 (38.00)	42 (42.00)
Competitive orientation	10 (10.00)	44 (44.00)	46 (46.00)
Entrepreneurial knowledge	20 (20.00)	38 (38.00)	42 (42.00)

Note: Figures in the parentheses indicate %ages to the total

Achievement Motivation : It is evident that most of the respondents (62%) were found to possess high level of achievement motivation followed by 28 per cent with medium level of achievement motivation. Only 10 per cent of the respondents had low level of achievement motivation. The formal educational level of respondents coupled with leadership might have helped them to develop a strong sense of achievement motivation.

Innovativeness : More than half the proportion of the respondents (52%) had high level of innovativeness followed by medium (32%) and low (16%) level of innovativeness. As the respondents are the women leaders, their leadership might have enabled them to adopt innovative ideas much earlier than others in the social system.

Risk Orientation : Almost an equal proportion of the respondents had high (42%) and medium (38%) level of risk orientation, whereas only 20 per cent of them had low level of risk orientation. Risk is the biggest challenge for an entrepreneur in taking up any business activity. The high achievement motivation and self-confidence of the respondents might have enabled the respondents to have better orientation towards risk in their business activities.

Competitive Orientation : Almost an equal proportion of the respondents were found to have high (46%) and medium (44%) level of Competitive orientation. Competitive orientation is an important factor influencing the marketing of products. Majority of the respondents had high level of self-confidence, achievement motivation, management orientation and innovativeness and took independent decisions. All these factors might have enabled them to be competitive in their business enterprises.

Entrepreneurial Knowledge : About 42 per cent of the respondents had high level of entrepreneurial knowledge followed by 38 per cent and 20 per cent of respondents having medium and low level of entrepreneurial knowledge. As majority of the respondents attended training programmes regarding their enterprises, it would have resulted in medium to high levels of entrepreneurial knowledge among the respondents. These findings indicated the impact of microcredit on women entrepreneurship development which has resulted from micro enterprises.

Factors influencing the entrepreneurship development : The logit framework has postulated that the probability of a respondent becoming an entrepreneur was dependent on the socio-economic characteristics of herself and her family such as age of the respondent, her literacy level, social status, social participations, income of the family, percentage of earners and trainings attended. The index variable Z_i is a dichotomous variable, i.e., it takes the value of one if a respondent has been a member of SHG (Z_i =1) and takes the value zero otherwise (Z_i = 0): Z_i has been shown to be logarithm of the odds ratio. The maximum like hood estimate (MLE) of the coefficients of the logit model for the respondents is presented in Table 2.

Table 2. Maximum Likehood Estimate Coefficient for Logit Model

Variables	Logit MLE Coefficient	SE
Intercept	1.40	0.4652
Age	-0.022	0.0106
Literacy level	0.548**	0.0130
Social status	0.020*	0.0602
Income	2.17E-06	1.71E.06
Percentage of earners	0.0946***	0.0166
Training attended	0.068**	0.0534
Social participation	0.130***	0.0927
Mc-Fadden R^2	0.24	
Number of observations	100	

*** Significant at 1% level of probability
** Significant at 5% level of probability
* Significant at 10% level of probability

It could be noted that the specified logit model was significant at one per cent level of probability. The level of Mc-Fadden R^2 obtained was 0.24, which indicated the good predictive ability of the model. The estimation yielded the expected signs for the coefficients of all the independent variables. The results clearly indicated that literacy level, social status, percentage of earners in the family, trainings attended and social participation were positive and significant, whereas the age of the respondents was negative and significant. It could be inferred that one unit change in the positive and significant slope coefficient would increase the probability of a respondent becoming an entrepreneur by the appropriate percentage. For example, it could be noted that one unit change in literacy level of the respondent would increase the probability of a respondent becoming an entrepreneur by 54.8 per cent age.

The negative sign for the age indicated that respondents who were younger were more likely to become the members of SHGs. The results of this analysis would imply that the choice to be an entrepreneur or not would be influenced by the factors considered in this model.

Problems faced by women entrepreneurs : The problems encountered by women entrepreneurs who were engaged in processing enterprises was analysed using Garrett ranking techniques and is presented in Table 3.

Table 3. Constraints Perceived by Women Entrepreneurs in Processing and Marketing

Problems	Score	Rank
Lack of a single window service	68.00	I
Lack of adequate knowledge on modern technology	66.00	II
High competition	58.00	III
High cost of inputs	38.00	IV
Difficulty in preservation	36.00	V
Tedious procedure for getting credit	30.00	VI
Delayed payment from buyers	26.00	VII
Lack of storage facilities	22.00	VIII
Lack of transport facilities	16.00	IX

It could be seen from Table 3 that a vast majority of the respondents reported 'Lack of single window services' as their first and foremost constraint, followed by lack of adequate knowledge on modern technology 66 per cent, high competition and cost of inputs as their second, third and fourth constraints, respectively.

Besides, they themselves should identify the marketing option, potential consumers etc., or they need to depend on organizations for marketing arrangement. Such a condition constrained the women entrepreneurs to come-up well. If they could get a single window service in terms of getting help for preparation of project,

arrangement of finance, counseling on technology, marketing arrangement and registration of their units, the women entrepreneurs need not go from one office to another in order to fulfill different requirements for their enterprises.

'Lack of adequate knowledge' on modern technology was ranked as the second constraint by the women entrepreneurs in vegetable processing. The produce is to be produced under hygienic conditions in order to increase the keeping quality. Addition of preservatives and novel packaging are also important. Even though the women attended training programmes regarding their enterprise, they have not been trained on complete information about the aspects like method of preparation of different varieties of pickles, what preservatives to be added, how much to be added, method of packing and sealing, etc. They reported that they needed additional training programmes on these aspects to gain complete information.

'High competition' was ranked as the third constraint as perceived by the women entrepreneurs. At present, the vegetable processing is undertaken as a small scale micro enterprise by most of the rural women. Hence, there is a tough competition among the producers of processed products of vegetables. The fourth constraint perceived by the women entrepreneurs was high cost of inputs. In order to compete with established firms, the produce should be packed in an attractive way. The attraction can be attained by going for novel packing methods like vacuum cleaned packs, aluminum foil coated packs and tetra packs. Then only the promotion can be increased. At the same time, the cost of this type of packaging is comparatively more than the ordinary packs. Hence, women entrepreneurs reported this as a constraint.

'Difficulty in preservation' was ranked as fifth constraint perceived by women entrepreneurs. If the produce is not prepared in a scientific method of following hygienic measures, addition of preservatives and tight packaging, the quality will deteriorate soon leading to difficulty in preservation. The sixth constraint experienced by the women entrepreneurs was tedious 'Procedure for getting credit'. The women entrepreneurs revealed that the procedures and formalities of availing financial assistance are very cumbersome. They find difficulty in approaching the personnel, justifying claim for finance, etc. 'Delayed payment from buyers' was also perceived as a constraint. Women entrepreneurs sell their produce to local people, retail shops and also to wholesale shops. Sometimes the payment will be delayed by the buyers and hence the producers could not plan for further activities of the enterprise. 'Lack of storage facilities' and 'lack of transport facilities' were considered as the least constraint by the women entrepreneurs. In order to maintain freshness of vegetables, they required to be stored in cold storage. As majority of the women did not have these facilities, they might have reported this as a constraint.

CONCLUSION

In sum, it could be inferred that the rural women have been vastly benefited by microcredit; it has helped them in their socio-economic upliftment. The rural poor now feel that they can also be partners in the process of rural development by joining the SHG movement. The training of the members by the NGOs has increased their confidence, restored self worth and improved their social concern about the neighbours. This study has also indicated that even though the members have joined the SHGs for various reasons, all of them have one common goal, which is seeking a better standard of living via a better organization that works for their benefits. Hence, it could be concluded that the microcredit has proved that they could serve as an alternative instrument of financial intermediation for the poor. Also, the microcredit services offered to the rural poor would result in the women entrepreneurial development through the microenterprises. The entrepreneurial skills of the rural women had developed significantly through self help groups.

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