

Business Challenges and Opportunities for Self Help Group Women in Chennai

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Abstract - Empowering women has become need of the hour in our country. Self help group is playing its vital role in empowering women. SHG helps women in establishment of business; this in turn helps women to be economically sound. Mohammed Yunus from Bangladesh introduced the concept of SHG in 1975. With the help of NABARD it was initiated in India in 1986-87. Tamil Nadu launched this scheme in the name of “Mahalir Thittam” for empowering women. The concept of SHG came into existence in Chennai during 2002. This study objective is to analyse the problems faced in business by SHG women. This study also helps to understand their choice of business and whether the number of hours spent in business helps for the effectiveness of SHG. For the purpose of the study, descriptive research was adopted. Quota sampling method is used to collect the samples. 388 samples were collected from North Chennai, South Chennai and Central Chennai. The research tools used for the study are ANOVA, Chi-square, Correlation and Regression. It was found that there exists negative relationship for problems in business and SHG membership. Therefore it is concluded that that the problems faced in business has been reduced with relation to their experience in self help group.

Keywords: SHG women, Challenges, Business, Empowerment, Skills

I. INTRODUCTION

Self help groups are operated under the concept of microfinance. The concept of microfinance was introduced to improve the standard of living in our country. Initially microfinance is for those people who are non-bankable. There are three phases in evolution of microfinance such as social banking, financial system approach and financial inclusion stage. In the first stage they concentrated on rural credit and then agricultural credit. Later, NGO came into existence to promote the same. Finally self help groups were created for economic empowerment of women, which is considered as the third stage in evolution of microfinance. Self help groups offered various products such as micro credit, micro savings, micro insurance and employment schemes. Self help groups monitored their members through conducting regular meetings with their members.

Tamil Nadu launched this scheme in the name of “Mahalir Thittam”. Dharmapuri district was the first to launch this SHG approach. Then it was followed by various districts. In 2002, Self help groups came into existence in Chennai district. Tamil Nadu Corporation for Development of

Women (TNCDW) takes control of these SHGs. As per the report of TNCDW there are nearly 5.5 lakhs SHG in Tamil Nadu and now they are planning to form 14,025 new groups in the forthcoming year. Chennai has 31,344 SHGs in urban areas as per the report. This study focuses on the problems faced in business by the self help group women in Chennai.

Objectives

- To analyse the association between the choice of business and educational qualification
- To know whether there is difference in skills based on the experience in business
- To find the relationship between the problems in business and the number of years of membership in SHG
- To identify the impact of problems in business on effectiveness of SHG (business improvement)

II. LITERATURE REVIEW

Deepti KC and Kalrav Acharya (2014) examined four villages of Tiruvannamalai district in Tamil Nadu to understand whether the principles mentioned in puthu

vazhvu project are being followed by the community. The study analyzed the challenges faced by the group while implementing the project. **Gurveen K Sandhu (2013)** studied the purpose, norms, functions and challenges of SHGs in Punjab. The study also identified various challenges to SHGs. It was found that low level of awareness in the areas of Punjab as one of the major challenge to the SHG. The study confirmed that the loans provided by SHGs at less fixed rates are the major source of microfinance for the poor in the region and results in poverty alleviation. **Himanshu D. Tiwari (2012)** studied SHG model to identify the challenges of SHGs. SHGs role to create employment in non-formal sector. The study also analyzed the impact of SHGs on savings, employment, income level, standard of living and reduction in indebtedness of SHG members in Nagpur city. **Erica Field, seema Jayachandran and Rohini Pande (2010)** examined the influence of social restriction on women entrepreneurship and impact of business and financial literacy training on business income. The researchers surveyed 636 female customers in Gujarat. Researchers offered two day training programmes in business skills and then follow up survey was conducted after 4 months, it was found that upper caste showed 30% increase in income after training program. **Rangarajan V. S. (2008)** studied the problems and prospects of SHGs. The paper discusses the role of the Government towards development of the SHGs. The challenges in SHGs highlighted in the study are limited funds, lack of professionalism amongst SHG members, adverse consumer behaviour on products developed and promoted by SHGs.

III. METHODOLOGY

The researcher has adopted descriptive research as the research design. Descriptive research helps to understand the characteristics of the urban women in self help groups in Chennai. Primary data and secondary data were used for the purpose of the study. Well Structured Questionnaire was used to collect data from the self help group women.

Experience in business has impact on their strengths in business

Table 2: Multiple Comparison Tests for Experience in Business and Strengths in Business

Strengths	(I)Experience in Business	(J)Experience in Business	Mean Difference (I-J)	Sig.
Idea Generation	Less than 1 year	1.1 – 3 years	-0.218	0.628
		3.1 – 5 years	-0.330	0.463
		Above 5 years	-0.393	0.088
	1.1 – 3 years	Less than 1 year	0.218	0.628
		3.1 – 5 years	-0.111	0.942
		Above 5 years	-0.175	0.500
	3.1 – 5 years	Less than 1 year	0.330	0.463
		1.1 – 3 years	0.111	0.942
		Above 5 years	-0.063	0.986
	Above 5 years	Less than 1 year	0.393	0.088
		1.1 – 3 years	0.175	0.500
		3.1 – 5 years	0.063	0.986

388 samples were collected from North, South and Central Chennai. Quota sampling method is used to collect the samples as it is part of purposive sampling. The research tools used were chi-square, ANOVA, correlation and regression. IBM SPSS 20 software is used to carry out the analysis.

IV. ANALYSIS AND DISCUSSION

Educational qualification of members influences their choice of business done through Self Help Group

Table 1: Chi-Square for Educational Qualification and Choice of Business

	Value	Df	p-value
Pearson Chi-Square	349.023	33	0.001**

Source: Primary data **1% Level of Significance

It is tested whether educational qualification of members influences their choice of business done through SHG. It was found that p value is less than 0.01, so alternate hypothesis is accepted that is there is significant association between educational qualification and the choice of business done through SHG.

It was also found that graduate respondents majorly do tailoring (56.1%) and petty shop business (23%). Higher secondary respondents do saree business (60.7%) and candle business (39.3%). High school respondents do various business such as tailoring (32.7%), flowers (15.1%), idly & dosai flour (23.3%), saree (11.3%), hotel (2.5%), petty shop (6.3%), fruit (6.3%) and vegetable (2.5%). This shows that women qualified with high school education prefer the business that they can do from their home itself. Nearly 40% of the school drop-outs have improved themselves in the vocational skills such as tailoring. 60% of the petty shop business is done by the graduate women.

Dealing with People	Less than 1 year	1.1 – 3 years 3.1 – 5 years Above 5 years	0.310 0.072 0.155	0.000** 0.837 0.073
	1.1 – 3 years	Less than 1 year 3.1 – 5 years Above 5 years	-0.310 -0.237 -0.155	0.000** 0.009** 0.007**
	3.1 – 5 years	Less than 1 year 1.1 – 3 years Above 5 years	-0.072 0.237 0.083	0.837 0.009** 0.637
	Above 5 years	Less than 1 year 1.1 – 3 years 3.1 – 5 years	-0.155 0.155 -0.083	0.073 0.007** 0.637
Organizational Skills	Less than 1 year	1.2 – 3 years 3.1 – 5 years Above 5 years	0.248 0.105 0.470	0.407 0.952 0.008**
	1.1 – 3 years	Less than 1 year 3.1 – 5 years Above 5 years	-0.248 -0.143 0.222	0.407 0.840 0.178
	3.1 – 5 years	Less than 1 year 1.1 – 3 years Above 5 years	-0.105 0.143 0.365	0.952 0.840 0.104
	Above 5 years	Less than 1 year 1.1 – 3 years 3.1 – 5 years	-0.470 -0.222 -0.365	0.008** 0.178 0.104
Ability to Spot Market	Less than 1 year	1.1 – 3 years 3.1 – 5 years Above 5 years	-0.475 -0.038 -0.016	0.000** 0.978 0.996
	1.1 – 3 years	Less than 1 year 3.1 – 5 years Above 5 years	0.475 0.437 0.459	0.000** 0.000** 0.000**
	3.1 – 5 years	Less than 1 year 1.1 – 3 years Above 5 years	0.038 -0.437 0.022	0.978 0.000** 0.992
	Above 5 years	Less than 1 year 1.1 – 3 years 3.1 – 5 years	0.016 -0.459 -0.022	0.996 0.000** 0.992
Finance	Less than 1 year	1.2 – 3 years 3.1 – 5 years Above 5 years	0.368 0.105 -0.382	0.097 0.952 0.045
	1.1 – 3 years	Less than 1 year 3.1 – 5 years Above 5 years	-0.368 -0.263 0.014	0.097 0.419 0.999
	3.1 – 5 years	Less than 1 year 1.1 – 3 years Above 5 years	-0.105 0.263 0.277	0.952 0.419 0.305
	Above 5 years	Less than 1 year 1.1 – 3 years 3.1 – 5 years	0.382 -0.014 -0.277	0.045 0.999 0.305

Marketing	Less than 1 year	1.1 – 3 years 3.1 – 5 years Above 5 years	0.526 0.290 0.481	0.000** 0.079 0.000**
	1.1 – 3 years	Less than 1 year 3.1 – 5 years Above 5 years	-0.526 -0.235 -0.045	0.000** 0.116 0.909
	3.1 – 5 years	Less than 1 year 1.1 – 3 years Above 5 years	-0.290 0.235 0.191	0.079 0.116 0.210
	Above 5 years	Less than 1 year 1.1 – 3 years 3.1 – 5 years	-0.481 0.045 -0.191	0.000** 0.909 0.210

Source: Primary data

**1% Level of Significance

Using ANOVA, it is tested whether experience in business have impact on strengths in their business. Number of years of experience in business do not have impact on the idea generation capability ($p=0.099$), since $p>0.05$, null hypothesis is accepted at 5% level of significance.

For the other strengths $p<0.05$, so alternate hypothesis is accepted. There is significant difference in the other strengths in the business based on the years of experience in business. During the initial period of their business, they enhance their organizational skills (4.35), marketing (4.70), financial management (4.35) and relationship management (4.37) skills. But respondents who have 1.1 years to 3 years of experience in the business better understand the market trend.

A Tukey Post hoc test reveals that there exists a statistically significant difference for the following between the groups:

Dealing with People:

- Less than 1 year and 1.1 – 3 years
- 3.1 – 5 years and 1.1 – 3 years
- Above 5 years and 1.1 – 3 years

Organisational Skills:

- Less than 1 year and Above 5 years

Ability to spot market trend:

- 1.1 – 3 years and all the other groups

Finance:

- Above 5 years and Less than 1 year

Marketing:

- Less than 1 year and 1.1 – 3 years
- Less than 1 year and Above 5 years

Problems faced in business do not have any relationship with number of years in SHG

Table 3: Correlation for Problems Faced in Business and Number of Years in SHG

Variable 1	Variable 2	p-value	Correlation
Number of years in self help group	Large amount of paper formalities	0.000	-0.356**
	Lack of understanding with government officials	0.633	-0.024*
	Lack of understanding between group members	0.154	-0.073*
	Lack of training	0.000	-0.465**
	Non co-operation of family members	0.000	-0.224**
	More stress	0.112	-0.081*
	Lack of time	0.000	-0.247**
	Lack of capital	0.000	-0.429**
	Lack of infrastructural facilities	0.000	-0.158**
	More competitors	0.000	-0.380**

	Lack of guidance and control	0.000	-0.223**
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** → Correlation is significant at the 0.01 level

* → Correlation is significant at the 0.05 level

Using Correlation, it was identified that experience in SHG does not have any significant relationship with stress (p=0.112) in their business, lack of understanding with government officials (p=0.633) and lack of understanding between group members (p=0.154). Since p value is greater than 0.05, null hypothesis is accepted.

But there is significant negative relationship between the membership period in SHG and other problems faced in business (p<0.01). Correlation Analysis also infers that as they get more experience in SHG, various problems faced in business such as lack of training, lack of capital, understanding paper formalities, guidance issues, etc. are reduced

Impact of problems in business on effectiveness of SHG (business improvement)

Table 4: Impact of Problems in Business on Effectiveness of SHG (Business Improvement)

Model	R	R Square	Adjusted R Square	Std. Error of estimate	Change Statistics				
					R Square	F Change	df1	df2	Sig. F change
1	0.911	0.830	0.825	0.209	0.830	167.225	11	376	0.001**

Dependent variable: Business Improvement **→ Model is significant at 1%

Source: Primary data

Table 5: Impact of Problems in Business on Business Improvement

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.132	.119		34.732	.000
Large amount of paper formalities	.237	.046	.586	5.116	.000
Lack of understanding with government officials	-.326	.068	-.759	-4.818	.000
Lack of understanding between group members	.135	.056	.373	2.414	.016
Lack of training	-.212	.033	-.554	-6.426	.000
Non co-operation of family members	-.278	.033	-.596	-8.490	.000
More stress	.117	.049	.308	2.366	.019
Lack of time	.029	.038	.058	.741	.459
Lack of capital	-.357	.053	-.914	-6.758	.000
Lack of infrastructural facilities	.299	.030	.649	10.007	.000
More competitors	.537	.045	1.397	12.056	.000
Lack of guidance and control	.007	.011	.017	.638	.524

Dependent Variable: Business Improvement

Source: Primary data

Since p<0.01, null hypothesis is rejected at 1% level of significance. Therefore there is significant impact of problems in business on effectiveness of SHG (Business Improvement). Thus, the finding supported that all the mentioned problems except lack of time, guidance and control, the other problems have significant impact on business improvement which is one of the parameter for effectiveness of self help group. The R-Square for the regression model is 0.911 which means that 91.1% of the variability in business improvement is caused by the mentioned problems. Thus we can infer that there is significant impact of problems in business on business

improvement which in turn affects the effectiveness of SHG.

The coefficients show that all the problems except time, guidance and control other problems have impact on business improvement, one of the parameter for effectiveness of SHG. The above results give the following equation:

$$Y = 0.237X_1 - 0.326X_2 + 0.135X_3 - 0.212X_4 - 0.278X_5 + 0.117X_6 - 0.357X_7 + 0.299X_8 + 0.537X_9 + 4.132$$

Where, Y denotes Business Improvement, X₁ denotes Large amount of paper formalities, X₂ denotes Lack of

understanding with government officials, X_3 denotes Lack of understanding between group members, X_4 denotes Lack of training, X_5 denotes Non co-operation of family members, X_6 denotes More stress, X_7 denotes Lack of capital, X_8 denotes Lack of infrastructural facilities and X_9 denotes More competitors.

V. RECOMMENDATIONS AND CONCLUSION

The study also identified the other challenges to SHGs as limited funds, poor repayment, difficulty in formulation, high turnover of members, poor awareness level of schemes and communication issues. With the help of regression model it was found that the problems in business have major impact on business improvement which is considered as one of the parameter for effectiveness of self help groups. Based on the findings of the study, it can be suggested that proper guidelines and monitoring the members periodically will help for the effectiveness of self help group. The other suggestions could be to have rotation of SHG leaders, democratic process for decision making, financial literacy trainings, and regular monitor system for loan repayment. The study also suggests the need for mentoring and training for SHG members in marketing their products and to integrate SHGs in the region. It can be concluded that concentration on these problems and helping the women in solving these issues helps them to do their business in an effective manner which in turn helps for our economic development.

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