

Role of Self-Help Groups in Supporting Women Entrepreneurship: An Empirical Study

Vinayendra Mani Tripathi,
Department of Commerce, Graphic Era Hill University,
Dehradun, Uttarakhand, India 248002
DOI:10.48047/pne.2018.55.1.42

Abstract

This paper is an attempt to investigate the role of self-help groups (SHGs) in promoting women entrepreneurship through an empirical study. An effective program for women empowerment, self-help groups provide resources, training, market linkages, and credit, to create a platform for women to initiate their businesses and work towards obtaining a better standard of living. A support system that assists women in overcoming challenges and building resilience, women participating in these groups have heightened their socio-economic status, and decision-making skills and are able to participate in income-generating activities. SHGs also allow women to share their knowledge, experience, and skills, seeking to improve self-confidence. Women entrepreneurs can create employment opportunities for themselves and others, contributing to the growth of the national economy. The findings of this study prove that self-help groups (SHGs) support and promote women entrepreneurship.

Keywords: Entrepreneurship, Self-help groups, Women Entrepreneurs, Employment Opportunities

Introduction

Economic growth and progress depend significantly on entrepreneurship; women entrepreneurs are vital to this developmental process. However, rural women entrepreneurs encounter a number of difficulties, such as constrained access to financial resources, a lack of business skills and access to market information, and gender-based prejudice. Self-help groups (SHGs) have demonstrated a way to deal with some of these issues in order to promote women entrepreneurship. Self-help groups are community-based organizations composed typically of

rural women between the ages of eighteen and fifty, with the motive of working collectively to improve social and economic conditions. Consisting of twelve to twenty-five members per group, SHGs address issues of health, gender discrimination, and social exclusion. In developing countries mainly, SHGs have gained prominence as they allow marginalized communities to come together and resolve problems, contributing as a developmental tool for these nations. SHGs have significantly increased in popularity in India in recent years. Practicing self-governance, SHGs are managed by the members themselves, although initiated by non-governmental organizations (NGOs) or government agencies.

Women entrepreneurs face several social and cultural barriers to starting and running their businesses. Providing a platform for women to gain easier access and availability of financial services, and social support, and to develop entrepreneurial skills, self-help groups have been recognized as an efficient means of empowering women and as a tool for promoting women entrepreneurship in developing countries. Women are also given training and education and are taught methods to improve their networks and social capital. Formal institutions and banks are comparatively inaccessible to rural women. Being a member of an SHG assures granting of credit and savings services which prove beneficial for setting up and expanding businesses. The United Nations Development Programme and the World Bank have supported the formation of SHGs through the provision of technical and financial aid.

SHGs have proved to greatly enhance the lives of their participants. They have presented a positive effect on community development by fostering social cohesiveness and civic engagement. This research paper observes the role or purpose of self-help groups in supporting women entrepreneurship with respect to developing countries.

Literature Review

The report by the Indian Government asserts that "Empowerment means moving from a position of enforced powerlessness to one of power." In her study on "Rural Women Empowerment and Entrepreneurship Development," Sathiyabama (2010) observes that women's economic

empowerment is now deemed a precondition for a nation's progress. As a result, political analysts, social scientists, and reformers place a high priority on this issue. Devi et al. (2005) emphasized the effect of microfinance on women's empowerment in their revolutionary study, "Impact of Micro-Finance Programme in Rural Development." In addition to supporting them in taking part in social and economic development activities, they make a notable effort to minimize rural poverty (Paramanandam and Packirisamy, 2015).

According to Kabeer (1999), in several societies, women have been disallowed to make decisions. Women's empowerment involves the process by which these individuals are encouraged to make sound life choices. As per Tripathy (2004), SHGs conduct income-generating activities for economic empowerment. This contributes to rural sanitation, education, health, the mid-day meals program, agriculture, community action, sustainable development, and many more. According to a 2005 study in Bangladesh that Pit and Khandker observed, "Microcredit increases consumption expenditure, reduces poverty, and increases non-land assets", concluded using the instrumental variable method. Sheikh Mohammad (2004) claims that women's self-help groups (SHGs) have led to fostering the triumph of upcoming rural female businesswomen. SHGs, as defined by Senthil Vaduvoo and Sekar (2004), are a movement for women's empowerment that connects women who are overcoming hurdles to their self-enhancement and involvement in the economic, social, as well as political, and economic spheres.

For their study, Paramanandam and Packirisamy utilized a sample survey of a total sample of six hundred women from thirteen blocks of the Kanchipuram district, from local household levels to prove their research aim. Their study period spanned five to six years from 2006 to 2012 and revealed that members in SHGs who are educated were able to function and contribute better than the member who were uneducated and lacked the opportunity and resources. Their findings were that SHGs lead to economic empowerment, are a strategy for women empowerment, the poverty level has been cut down significantly, strong repayment culture is established, availability of banking culture and savings culture has been inculcated, have increased the living

standards through the acquisition of assets, and additionally, that Kanchipuram district is ranked first in the creation of SHGs in Tamil Nadu (Paramanandam and Packirisamy, 2015).

Swain and Wallentin's study employed a survey method with a quasi-experimental design, conducting a longitudinal study over the years 2000 to 2003, with a random selection of respondents. The sample consisted of nine hundred and sixty-one female respondents, including a control group. They studied the cruciality of women's participation in the political realm for empowerment. They also looked into the importance of microfinance participation. The study helped prove that women in SHGs were capable of improving their bargaining power, their sense of isolation was diminished considerably, the members could come in contact with bank officers, government officials, and NGO workers, they had a greater ability to withstand and combat gender roles and norms, and were better at decision making (Swain and Wallentin, 2009). In the words of Einstein, "the issue of empowering women cannot be resolved unless societal perceptions are altered." Swain and Wallentin's study demonstrate conceptually and experimentally how the SHG program's microfinance services help bring about this transition and provide women more power (Swain and F.Y. Wallentin, 2009).

Lahiri-Dutt and Samanta's paper discussed 'Civic Engagement, Networks, and Women's Development', the context of 'Rural Women in Burdwan, India', 'Why SHGs Failed in Burdwan', and 'Critical Issues and their Relation to Social Capital'. Sarumathi and Mohan's paper studies the activities and progress of SHGs in the Pondicherry local region and the issues faced by members of these groups. It analyzes the freedom women members get in SHG, analyzes psychological empowerment, and offers propositions for the enhancement of women's empowerment in self-help groups. 'Cluster sampling' and 'area sampling' are used in the regions—Suthukeni, Lingareddipalayam, Thirukanur, Solai Nagar, Kakilapatu, and Chettipet (Sarumathi and Mohan, 2011).

In his study "Rural Development - Women Self Help Groups," Pangannavas (2009) says that members who join SHGs experience enhanced schooling and instruction to earn additional revenue to support their family's income, aid empowerment of national economy, fosters a more

effective decision making ability, provides greater credit access, and generates higher earning. Improved financial stability and alleviating poverty are two benefits of empowerment. One of the goals that the hundred and ninety-two UN member nations' pledges to accomplish amongst the Millennium Development Goals, or MDGs, by the year 2015 is the 'empowerment of women and the promotion of gender equality'.

Objective of the Study

Measure the role of self-help groups in supporting women entrepreneurship

Methodology

This study utilized a structured questionnaire to conduct a survey, and statistical methods such as mean & t-test were used to analyze the responses from 241 participants. The sampling method used in this research was convenience sampling, where individuals were selected based on their accessibility & willingness to participate.

Table 1 Self-Help Groups in Supporting Women Entrepreneurship

| Serial No. | Statement of Survey | Mean Value | t-Value | Sig. |
|------------|---|------------|---------|-------|
| 1. | Women are trained in various business activities such as product development, marketing, and financial management. | 4.21 | 9.139 | 0.000 |
| 2. | SHGs provide a platform for women entrepreneurs to network with other members and build partnerships. | 3.76 | 3.148 | 0.001 |
| 3. | SHGs provide a social support system to women entrepreneurs who have limited social and economic opportunities. | 4.49 | 11.688 | 0.000 |
| 4. | Small businesses have access to capital at rates lower than those offered by traditional financial organizations which have greatly supported women entrepreneurship. | 4.22 | 7.260 | 0.000 |

| | | | | |
|-----|--|------|--------|-------|
| 5. | SHGs in India have been involved in promoting sustainable livelihoods and environmental conservation for supporting women entrepreneurs. | 4.17 | 7.090 | 0.000 |
| 6. | Self-help groups (SHGs) have played a significant role in supporting women entrepreneurship in India. | 4.01 | 6.086 | 0.000 |
| 7. | SHGs support small entrepreneurs is by providing access to credit. | 3.93 | 5.332 | 0.000 |
| 8. | SHGs provide training and capacity building programs to women entrepreneurs. | 4.31 | 11.108 | 0.000 |
| 9. | SHGs does not foster social cohesion and promote positive social change. | 4.38 | 11.484 | 0.000 |
| 10. | SHGs provide marketing support to women who are entrepreneurs. | 4.43 | 12.215 | 0.000 |

Table1 and Figure 1 exhibits the mean values for each of the statement of the study done “role of self-help groups in supporting women entrepreneurship”, examining the average scores, the statement that obtains the highest mean score can be described as “SHGs provide a social support system to women entrepreneurs who have limited social and economic opportunities”, which displays the mean score of 4.49, looking at the next statement which is “SHGs provide marketing support to women who are entrepreneurs” obtains the score of 4.43. Looking at the mean of 4.38 for the statement “SHGs does not foster social cohesion and promote positive social change” shows that positive social change is also found to be responsible in self-help groups in supporting women entrepreneurship. Looking at the other concern of helping women is, “SHGs provide training and capacity building programs to women entrepreneurs” which displays the mean score of 4.31, and the statement “Small businesses have access to capital at rates lower than those offered by traditional financial organizations which have greatly supported women entrepreneurship” showcase the value of 4.22, then the statement “Women are trained in various business activities such as product development, marketing, and financial management” obtains value of 4.21. “SHGs in India have been involved in promoting sustainable livelihoods and environmental conservation for supporting women entrepreneurs” showcase the mean score

of 4.17. The statement “Self-help groups (SHGs) have played a significant role in supporting women entrepreneurship in India” indicates the value of 4.01. Therefore, the last two statements fall within the lowest category or level, “SHGs support small entrepreneurs is by providing access to credit” indicates the mean value of 3.93, statement “SHGs provide a platform for women entrepreneurs to network with other members and build partnerships” indicates 3.76. The significance of the t-value for each statement in the investigation on the role of self-help groups in supporting women entrepreneurship is significant. The t-value statements were positive, and their significance value was less than 0.05, indicating a significant relationship between the two variables.

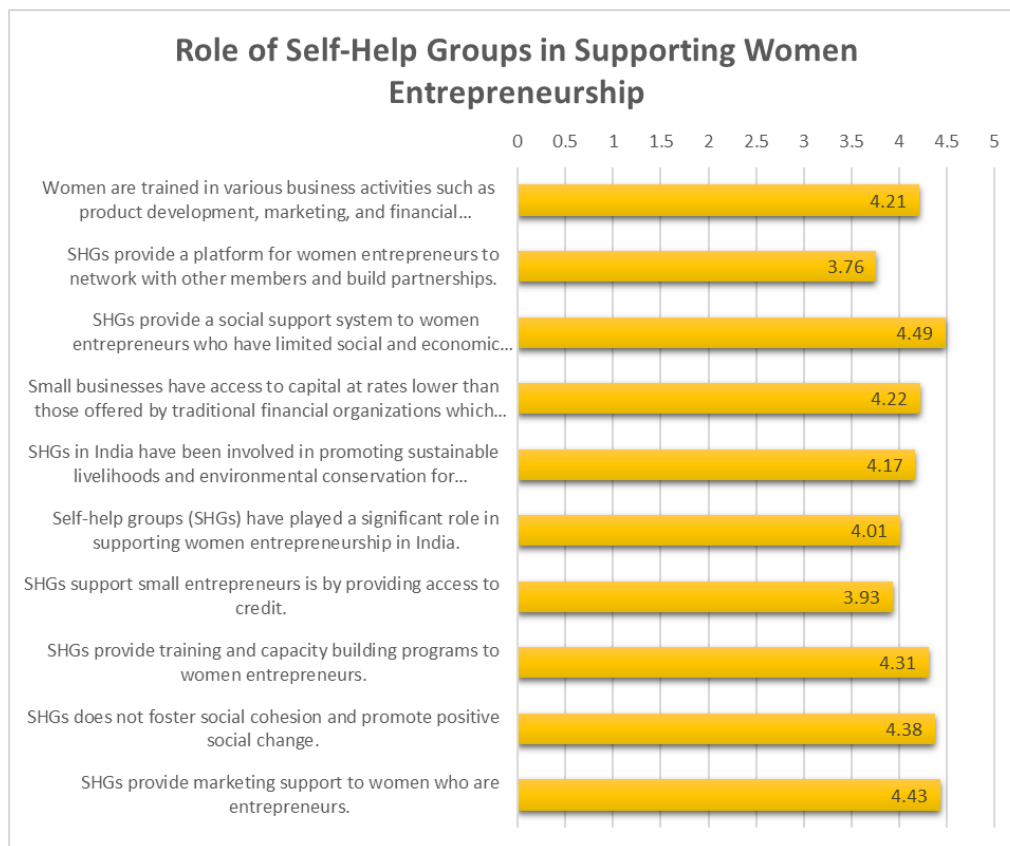


Figure 1 Role of Self-Help Groups in Supporting Women Entrepreneurship

Conclusion

Therefore, self-help groups (SHGs) have developed into a powerful instrument for strengthening and encouraging women entrepreneurship. SHGs have given women an outlet to acquire loans, build their social networks, and gain business skills. Through empirical studies conducted throughout the world, in various nations, especially developing countries, the responses from local women part of self-help groups have confirmed their efficiency and importance in both the personal growth of women and the economic growth of the country. SHGs have successfully established a safe space for expressing ideas, expertise, and experiences, for women, and have promoted education and skill development.

References

- Arul Paramanandam, D., & Packirisamy, P. (2015). An empirical study on the impact of micro enterprises on women empowerment. *Journal of Enterprising Communities: People and Places in the Global Economy*, 9(4), 298–314. doi:10.1108/jec-08-2014-0017.
- Bali Swain, R. 2007. Impacting women through microfinance. *Dialogue, Appui au Developpement Autonome*, no. 37: 61–79.
- Government of West Bengal (GOWB), 1996: Development of Women and Children in Rural Areas Scheme in West Bengal. *Government Press*, Calcutta.
- Kabeer, N. (1999), “Resources, agency, achievements: reflections on the measurement of women’s empowerment”, *Development and Change*, Vol. 30 No. 3, pp. 435-464.
- LAHIRI-DUTT, K., & SAMANTA, G. (2006). Constructing Social Capital: Self-Help Groups and Rural Women’s Development in India. *Geographical Research*, 44(3), 285–295. doi:10.1111/j.1745-5871.2006.00390.x.
- Moser, C.O.N., 1989: Gender planning in the third world: meeting practical and strategic gender needs. *World Development* 17(11), 1799–1825.

- Pangannaar, A. (2009), “Rural development self help groups”, *Southern Economist*, Vol. 47 No. 21, pp. 19-20.
- Pitt, M., S.R. Khandker, and J. Cartwright. 2006. Empowering women with microfinance: evidence from Bangladesh. *Economic Development and Cultural Change* 54, no. 4: 791–831.
- Praba Singh (2009), Rural Empowerment through Self Help Groups in Empowerment of Rural and Development in India, *Kanishka Publishers*, New Delhi.
- Rais, A. (2011), “Microfinance and the cooperative India”, *International Journal of Microfinance*, Vol. 1 No. 2.
- Sarumathi, S., & Mohan, K. (2011). Role of Micro Finance in Women’s Empowerment (An Empirical study in Pondicherry region rural SHG’s). *Journal of Management and Science*, 1(1).
- Sathiyabama, K. (2010), “Rural women empowerment and entrepreneurship development”.
- Shefali, V.T. (2010), “Challenges faced by women entrepreneurs in a developing economy”, *International Journal of Research in Commerce and Management*, Vol. 1 No. 4.
- Swain, R. B., & Wallentin, F. Y. (2009). Does microfinance empower women? Evidence from self- help groups in India. *International Review of Applied Economics*, 23(5), 541–556. doi:10.1080/02692170903007540.
- Tripathy, K.K. (2004), “Self-help groups-a catalyst of rural development”, *Kurukshetra*, No. 8, pp. 40-43.