

A Study on Factor Influencing SHG Members to Start Enterprises and Problems Encountered by the SHGs Members in their Enterprises in Thoothukudi District

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ABSTRACT

The role of entrepreneurship in economic perspective is economic development varies from economy to economy depending upon the availability of material resources, of the political climate and the responsiveness of the political system to the entrepreneurial function. The present study is descriptive in nature and uses both quantitative and qualitative data for the analysis with the aim of describing the present scenario of entrepreneurial traits of SHGs members in Thoothukudi district. Thoothukudi district one of the well-educated district in Tamil Nadu here most of the SHG members completed SSLC. These members run the business enterprises solely and do not have any previous years' experience of running business ventures. After joining SHGs they run business enterprises more than 6 years with the motivation of NGOs and other supportive agencies. All the internal factors like, a low cost loan, economic independence, self-employment, to provide employment opportunity, unemployment, urge to achieve, government policies, risk-bearing ability, encouragement of NGO, presence of experience and EDP training helped and influenced the SHGs members to become an entrepreneur. Regular practice makes success any activity; regular practice is habit that forms the entrepreneurial traits of a person.

KEY WORDS: *entrepreneurship, economic development, entrepreneurial traits and SHG members*

INTRODUCTION

By starting enterprises, exploring new markets, innovating new products and techniques and giving employment to people, women entrepreneurs will be able to add to the growth and prosperity of the nation and to the state of Tamil Nadu. The widespread establishment of women enterprises run on micro and small scale basis in rural areas of the state has been the outcome of the microfinance programme through the formation of Self Help Groups (SHGs) which has been marked as the system for emancipating women

from the traditional set up to the forefront of the development process. The role of entrepreneurship in economic perspective is economic development varies from economy to economy depending upon the availability of material resources, of the political climate and the responsiveness of the political system to the entrepreneurial function.

STATEMENT OF THE PROBLEM

Nowadays it's too difficult to survive in the society with men earning in a family. In order to strengthen the economic condition of family women also need to contribute their part. In this circumstance, SHGs are formed and take initial steps to uplift the rural women focusing on their economic conditions which give independence over male domination or the male dominated society of the past years. Even though the Government takes a lot of initial steps to create awareness about the Self Help Group, its financial benefits, and schemes, a large majority of the people are not aware of SHGs and its effective role for economic empowerment of the society. The rural place of India has special characters like Poor educational background, low infrastructure facilities, unhealthy economic conditions and so on. These are very big drawbacks meet by women entrepreneurs in rural areas. Government and NGOs offered numerous training programmes and workshops to SHGs members recording selection of products, techniques of production, packing, ability to manage the business and other training but still it is not adequate because they are poor in education and experience.

OBJECTIVES OF THE STUDY

The study has the following objectives.

- 1) To identify the factor influencing SHG members to start Enterprises on their own either individually or in groups.
- 2) To analyse the problems encountered by the SHGs members in their enterprises and to offer suggestions.

METHODOLOGY

The present study is descriptive in nature and uses both quantitative and qualitative data for the analysis with the aim of describing the present scenario of entrepreneurial traits of SHGs members in Thoothukudi district. Apart from this, the present study has defined objectives and framed methodology to fulfill the objectives of the study. The study explains the relationship among the variables, profile variables and how it contributes to the entrepreneurial traits of the members of the SHGs.

SAMPLING PROCEDURE

The study is confined to Thoothukudi district of Tamil Nadu state, which consists of 12 blocks with 5913 women SHGs that are actively functioning in this district. Out of 5913, a total of 300 (5% approximate) Self Help Groups were selected based on a proportionate random sampling technique. In every group, it is found that there were only a few members who are found to be successful in practicing their entrepreneurial traits and of these members two from every group were selected based on stratified

random techniques leading to a total of 600 members who shared the success aspects of their entrepreneurial traits together with their problems.

TABLE 1: DISTRIBUTION OF SAMPLE RESPONDENTS

SI. No	Name of the Block	Total No of Groups	Sample SHGs	Sample Respondents (2 from each group)
1	Ootapidaram	756	39	78
2	Alwarthirunagari	641	33	66
3	Villathikulam	612	31	62
4	Karungulam	560	28	56
5	Kayathar	546	27	54
6	Thoothukudi	491	25	50
7	Srivaikuntam	451	23	46
8	Pudur	450	23	46
9	Sathankulam	448	22	44
10	Kovilpatti	440	22	44
11	Udangudi	282	14	28
12	Thiruchendur	236	13	26
Total		5913	300	600

LIMITATIONS OF THE STUDY

- ✓ The instrument which is used for collecting data may be another source of error. The interview schedule used for this study and presenting is another source of error.
- ✓ The sample selected for the study is limited to a few villages in Thoothukudi district, the result may be applicable only to the members of the SHGs of the villages and cannot be generalized.

ANALYSIS AND INTERPRETATION**TABLE 2: DURATION OF MEMBERSHIP**

S. No	Duration	No. Respondents	Percentage
1	Below 2 years	12	2.0
2	2 – 4 Years	171	28.5
3	4 – 6 Years	88	14.7
4	above 6 years	329	54.8
Total		600	100.0

Source: Primary data.

The analysis of data has revealed that, out of 600 respondents, a majority of 329 respondents (54.8 per cent) have membership in SHGs above 6 years followed by 171 respondents (28.5 per cent) have membership in SHGs for a period of 2-4 years.

TABLE 3: NATURE OF BUSINESS

S. No	Nature	No. Respondents	Percentage
1	Trading	413	68.8
2	Manufacturing	124	20.7
3	Service	63	10.5
Total		600	100.0

Source: Primary data.

The outcome of the study reveals that out of 600 respondents a majority of 413 members representing the study (68.8 percentage) are involved in trading business followed by 124 respondents (20.7 per cent) involved in the manufacturing business.

TABLE 4: FACTOR INSPIRING THE SHGS MEMBERS TO START BUSINESS

	Mean	SD	t-value	P-value	Mean diff.	95 per cent Confidence Interval of the Difference	
						Lower	Upper
Low cost loan	1.49	.717	50.903	.000	1.490	1.43	1.55
Economic independence	1.67	.658	61.944	.000	1.665	1.61	1.72
Self -employment	1.70	.798	52.018	.000	1.704	1.64	1.77
Provide employment opportunity	2.58	1.040	60.423	.000	2.577	2.49	2.66
Unemployment	1.94	.749	63.241	.000	1.935	1.87	2.00
Urge to achieve	2.43	1.036	57.348	.000	2.425	2.34	2.51
Government policies	2.71	1.107	59.878	.000	2.707	2.62	2.80
Risk bearing ability	2.19	.702	76.482	.000	2.193	2.14	2.25
Encouragement of NGO	2.96	1.090	66.401	.000	2.955	2.87	3.04
Presence of experience	2.12	.849	61.193	.000	2.120	2.05	2.19
EDP training helped	2.12	.840	61.645	.000	2.115	2.05	2.18

Source: Primary data.

Since ‘P’ value is less than 0.01, the null hypothesis is rejected at 1 per cent level of significance with regard to factor motivates them to start enterprises. Hence, the level of impact among SHGs members is lower than the average level (mean=3). The mean of many variables has been attained between one and two, which clearly demonstrates that the impact level is higher than the average level (very high assigned point 1, high assigned 2 points and so on).

The mean score of the factor “Low-cost loan” is 1.49 which is lower than the Average value (mean 3). The mean difference lies between the lower limit 1.43 and the upper limit 1.55 with a 95 per cent confidence interval of the difference. Low cost of the loan is the important contributor influencing SHGs member to become an entrepreneur.

The mean score of the factor “Economic independence” is 1.67 which is lower than the average value (mean 3). The mean difference lies between the lower limit 1.61 and the upper limit 1.72 with a 95 per cent confidence interval of the difference. Economic independence is an important contributor influencing SHGs member to become an entrepreneur.

The mean score of the factor “Self -employment” is 1.70 which is lower than the average value (mean 3). The mean difference lies between the lower limit 1.64 and the upper limit 1.77 with 95 per cent confidence interval of the difference. Self- employment plays a significant role in influencing SHGs members to become an entrepreneur.

The mean score of the factor “To provide employment opportunity” is 2.58 which is lower than the average value (mean 3). The mean difference lies between the lower limit 2.49 and the upper limit 2.66 with a 95 per cent confidence interval of the difference. The factor to providing employment opportunity is one of the most important contributor influencing SHG members to become entrepreneurs.

The mean score of the factor “Unemployment” is 1.94 which is lower than the average value (mean 3). The mean difference lies between the lower limit 1.87 and the upper limit 2.00 with a 95 per cent confidence interval of the difference. Unemployment plays a significant role in influencing SHG members to become entrepreneurs.

The mean score of the factor “Economic Urge to achieve” is 2.43 which is lower than the average value (mean 3). The mean difference lies between the lower limit 1.87 and the upper limit 2.51 with a 95 per cent confidence interval of the difference. Urge to achieve this is a significant contribution that influences SHG members to become entrepreneurs.

The mean score of the factor “Government policies” is 2.71 which is lower than the average value (mean 3). The mean difference lies between the lower limit 2.62 and the upper limit 2.80 with a 95 per cent confidence interval of the difference. Government policies are important contributors to influencing SHG members to become entrepreneurs.

The mean score of the factor “Risk bearing ability” is 2.19 which is lower than the average value (mean 3). The mean difference lies between the lower limit 2.14 and the upper limit 2.25 with a 95 per cent confidence interval of the difference. Risk bearing ability is an important contributor influencing SHG members to become entrepreneurs.

The mean score of the factor “Encouragement of NGO” is 2.96 which is lower than the average value (mean 3). The mean difference lies between the lower limit 2.87 and the upper limit 3.04 with a 95 per cent confidence interval of the difference. Encouragement of NGOs is an important contributor influencing SHG members to become entrepreneurs.

The mean score of the factor “Presence of experience” is 2.12 which is lower than the average value (mean 3). The mean difference lies between the lower limit 2.05 and the upper limit 2.19 with a 95 per cent confidence interval of the difference. Presence of experience is an important contributor influencing SHG members to become entrepreneurs.

The mean score of the factor “EDP training helped” is 2.12 which is lower than the average value (mean 3). The mean difference lies between the lower limit 2.05 and the upper limit 2.18 with a 95 per cent confidence interval of the difference. Risk bearing ability is an important contributor influencing SHG members to become entrepreneurs.

PROBLEMS FACED BY SHG MEMBERS IN THEIR ENTERPRISES

The study analyzed the problem faced by entrepreneur. The researcher has identified and listed various problems faced by SHG members with regard to their business concern in the questionnaire and factor reduction method is used to find the constrains in to groups.

Sampling adequacy measured using the Kaiser-Meyer-Olkin of 0.888 was taken as acceptable. Thus the factor analysis may be considered an appropriate technique for analyzing the data.

TABLE 5: PROBLEM FACED BY SHGS MEMBERS IN ENTERPRISES - KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.888
Bartlett's Test of Sphericity	Approx. Chi-Square	12804.291
	Df	190
	Sig.	.000

20 variables can be extracted. But only those factors can be extracted which have more than one. By retaining only the variables with Eigen value greater than one, we can infer that 51.958 per cent of variance is explained by factor 1, 10.988 per cent of variance is explained by factor 2, and 9.288 per cent of variance is explained by factor 3.

The extraction sum of squared loading is also used for entrepreneurial trait factors. Table 6 indicates that of the total 72.235 per cent variance, all were not uniformly distributed across all the factors, since it is evident that the first component itself accounts for 51.958 per cent of the variance.

The principal component analysis is a multivariate technique for identifying the linear components of a set of variances. The ten factors extracted together account for 72.235 per cent (under rotation sum of squared loadings) of the total variance. This is pretty good because it can economies on the number of variables (from 20, it has been reduced to three underlying factors), while only about 27.675 has been lost (72.235 per cent is retained by three factors extracted out of 20 variables). This percentage can be disregarded. The initial Eigen values, extracting sums of squared loadings and rotation sums of squared loadings are given in Table 6.

TABLE 6: PROBLEM FACED BY SHGS MEMBERS IN ENTERPRISES TOTAL VARIANCE EXPLAINED

Comp onents	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	Percent of Variance	Cumulative percent	Total	Percent of Variance	Cumulative percent
1	10.392	51.958	51.958	5.946	29.728	29.728
2	2.198	10.988	62.946	5.775	28.877	58.605
3	1.858	9.288	72.235	2.726	13.630	72.235
4	.887	4.436	76.671			
5	.795	3.977	80.648			
6	.628	3.139	83.787			

7	.597	2.985	86.772		
8	.490	2.449	89.221		
9	.412	2.058	91.279		
10	.331	1.653	92.932		
11	.308	1.538	94.470		
12	.256	1.280	95.750		
13	.185	.927	96.677		
14	.164	.818	97.495		
15	.128	.639	98.134		
16	.104	.522	98.656		
17	.092	.462	99.118		
18	.075	.375	99.492		
19	.064	.319	99.811		
20	.038	.189	100.000		

Extraction Method: Principal Component Analysis

Table 6 shows the component loadings that have correlations between the variables and the components. This is the central output of the factor or principal factor components analyzed; this can be taken as the basis for inputting a label to different factors of components. It is a general practice that while interpreting a component, importance is given to the larger size of the component loading for a variable. Also, the first component is generally highly correlated with the variables than the second and the subsequent following variables. It can be seen from the table that variance is now evenly distributed in a range of 29.728 to 72.235 per cent, this is 51.958 to 72.235 per cent. The following screen plot shows that ten components have Eigen value more than one.

The SHG members in various activities had been divided under the following broad categories of Political, Social, Economic and Technological related problems.

TABLE 7: FACTOR ANALYSIS FOR PROBLEM FACED BY SHGS MEMBERS IN ENTERPRISES

Rotated Component Matrix			
	Component		
	1	2	3
Lack of committed wages	.828	.255	-.009
Lack of skilled labour	.811	.302	.187
Lack of knowledge	.800	.390	.003
Low quality	.799	.255	.226
Lack of managerial skill	.781	.485	.153
High price	.691	.108	-.036
Lack of self confidence	.675	.577	.063
Scarcity	.661	.234	.183
High competition	.524	.054	.332
Lack of support from financial institutions	.192	.820	.060
Lack of resource and support from family	.320	.818	.012

Poor risk taking ability	.413	.817	.083
Underutilization capital	.216	.797	.108
Inadequate predicting efforts	.331	.795	.238
Lack of proper training	.514	.721	.226
Shortage of own funds	.121	.688	.247
High interest rate	.467	.523	.478
Lack of marketing facilities	.121	.109	.870
Inadequate transport facilities	.270	.032	.858
Lack of marketing skills	-.139	.457	.745

Source: Primary data

Table 7 exhibits the rotated factor loading for 20 statements (factor) of problem faced by SHG members in enterprises. It is clear from the table that all the 20 statements had been extracted into ten factors, namely, F1, F2, and F3. These new factors were identified with new names comprehensively to designate the factors that influence entrepreneurial traits are discussed in the following sections.

PRODUCTION

The first factor characterizing the problem faced by SHG members in enterprises is named as ‘Production’. Production needs Men, Material, labour and other factors. The factor loading of the variables of these factors depicts, Lack of committed wages for the labourers have scored 0.828, Lack of skilled labour have scored 0.811, Lack of knowledge has scored 0.800, Low quality has scored 0.799, Lack of managerial skill has scored 0.781, High price has scored .691, Lack of self- confidence has scored 0.675, Scarcity factor has scored 0.661 and High competition has scored 0.524.

TABLE 8: PRODUCTION - FACTOR 1

S. No.	Variable	Factor Loading	Eigen Value	Percentage of Variance
1.	Lack of committed wages	.820	10.392	51.598
2.	Lack of skilled labour	.818		
3.	Lack of knowledge	.817		
4.	Low quality	.797		
5.	Lack of managerial skill	.795		
6.	High price	.721		
7.	Lack of self confidence	.688		
8.	Scarcity	.523		
9.	High competition	.820		

Source: Primary data.

The table presented above indicates that all the nine factors of entrepreneurial Problem, namely, the variables of these factors such as Lack of committed wages, Lack of skilled labour, Lack of knowledge, Low quality, Lack of managerial skill, High price, Lack of self-confidence, Scarcity and High competition have higher positive loadings on factors 1. Hence, F1 is termed as Production. The Eigen value for the above factor 1 was 10.392 and the percentage of variance was 51.598. It is concluded that the Problems of entrepreneurial activities were mainly based on the variables such as Lack of committed wages, Lack of skilled labour, Lack of knowledge, Low quality, Lack of managerial have higher positive loadings on factors.

FINANCE

The second factor characterizing the problems faced by SHG members in enterprises is named as 'Finance'. Finance is a blood of every business activity it needs proper management otherwise it gives bad impact to the organization. The factor loading of the variables of this factor Lack of support from financial institutions was 0.820, Lack of resource and support from family was 0.818, Poor risk-taking ability was 0.817, Underutilization capital was 0.797, Inadequate predicting efforts was 0.795, Lack of proper training was 0.721, Shortage of own funds 0.688 and High interest rate 0.523 as shown in Table 9.

TABLE 9: FINANCE -FACTOR 2

S. No.	Variable	Factor Loading	Eigen Value	Percentage of Variance
1.	Lack of support from financial institutions	.820	2.198	10.988
2.	Lack of resource and support from family	.818		
3.	Poor risk-taking ability	.817		
4.	Underutilization capital	.797		
5.	Inadequate predicting efforts	.795		
6.	Lack of proper training	.721		
7.	Shortage of own funds	.688		
8.	High-interest rate	.523		

Source: Primary data

The table above displays that all the nine factors of entrepreneurial Problem, namely, the variables of this factor, Lack of support from financial institutions was, Lack of resource and support from family, Poor risk-taking ability, Underutilization capital, Inadequate predicting efforts, Lack of proper training, Shortage of own funds and High-interest rate are with higher positive loadings on factors 2. Hence, F2 is termed as Finance. The Eigen value for the above factor 2 was 2.198 and the percentage of variance was 10.988. It is concluded that the Problems of entrepreneurial activities based on the variables has resulted Lack of support from financial institutions was Lack of resource and support from family, Poor risk-taking ability, Underutilization capital, Inadequate predicting efforts, Lack of proper training, Shortage of own funds and High-interest rate are with higher positive loadings on factors.

MARKETING

The third factor characterizing the problems faced by SHG members in enterprises is named as 'Marketing'. SHG members need to know if there is a demand for a new service or product that they are thinking of introducing. Perhaps respondents need to know how their product is faring among the competing brands. Members may want to assess brand awareness after observing the advertising and promotional campaigns. The factor loading of the variables of this factor Lack of marketing facilities has scored 0.870, Inadequate transport facilities have scored 0.858 and Lack of marketing skills have scored 0.745 as shown in Table 10.

TABLE 10: MARKETING - FACTOR 3

S. No.	Variable	Factor Loading	Eigen Value	Percentage of Variance
1.	Lack of marketing facilities	.870	1.858	9.288
2.	Inadequate transport facilities	.858		
3.	Lack of marketing skills	.745		

Source: Primary data

The table given above shows that all three factors of entrepreneurial Problem, namely, the variables of this factor, the factor loading of the variables of this factor Lack of marketing facilities, Inadequate transport facilities and Lack of marketing skills were with higher positive loadings on factors 3. Hence, F3 is termed as 'Marketing'. The Eigen value for the above factor 3 was 1.858 and the percentage of variance was 9.288. It is concluded that the Problems of entrepreneurial activities based on the variables has resulted that the factor loading of the variables of these factors Lack of marketing facilities, Inadequate transport facilities and Lack of marketing skill are with higher positive loadings on factors.

SUGGESTIONS

- ✓ SHG members are advised to attend short term training to handle the money properly.
- ✓ To bring the knowledge about the availability of materials, in panchayat levels, surveys can be conducted by the local authorities as a means of help and support to the SHGs.
- ✓ The important suggestions for improvement are the progress of skill-oriented training programmes, support of good leadership in the group and constant guidance and support through the government and non-government programmes.

CONCLUSION

Thoothukudi district one of the well-educated district in Tamil Nadu here most of the SHG members completed SSLC. These members run the business enterprises solely and do not have any previous years' experience of running business ventures. After joining SHGs they run business enterprises more than 6 years with the motivation of NGOs and other supportive agencies. All the internal factors like, a low cost loan, economic independence, self-employment, to provide employment opportunity, unemployment, urge to achieve, government policies, risk-bearing ability, encouragement of NGO, presence of experience and EDP training helped and influenced the SHGs members to become an entrepreneur. Regular practice makes success any activity; regular practice is habit that forms the entrepreneurial traits of a person.

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