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Role Of Microfinance On Performance Of Women Entrepreneurs

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Abstract

Knowledge inculcation and learning of the women entrepreneurs leads to their empowerment. This it is a challenge for women. Empowerment of women in several dimensions of the women had led them to become an entrepreneur. Micro finances are actually related to financial services which include savings, trainings, insurance and credits to the poor of the poor in order to lift the socio-economic status. The researcher has used the descriptive research to found the role of microfinance on performance of women entrepreneurs in Cuddalore district. Sample size of the research is 75 women entrepreneurs. The analysis identified that there is influence of microfinance training and microfinance loan on business development among women entrepreneurs. The analysis also discovered that there is influence of business development on performance of women entrepreneurs. Hence, it is concluded that that microfinance institutions should provide more short term loans to meet emergencies of women entrepreneurs, provide insurance on loans and businesses and also provide interest on the savings of women entrepreneurs. The score of the loan should also be sufficient enough to meet the capital necessities of the women entrepreneurs.

Keywords: microfinance training, microfinance loan, business development, performance of women entrepreneurs.

Introduction

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In general microfinance helps the poor and needy; if it is so, by this time the poverty eradication should have been achieved; in reality several poor and needy are under the wild cramps of the NGOs since they are indebted to them. Entrepreneurs are also assisted financially. Many of the entrepreneurs who are women are often disadvantaged by less education and constrained by the social norms which limit their mobility and access to other productive resources.

There were no formal, objective, statutory principles in the past related to the micro finance organizations. Money lenders and collectors were from informal sectors. No rules and regulations were there in the past before the year 2004. A group of eight leaders at the G8 summit on June 10th of 2004 spelled out a capsulated form of developmental steps to favor the microfinance on the whole. Some of the principles spelled out are as follows:

i. Just loan alone is not the need of the poor but savings, insurances and money transfers are to be rendered.
ii. If the donators focus on the capacity building of the microfinance institutions, the shortage of strong institutions and managers can be reduced and the phenomenon of bottle neck may not be in the functioning of the microfinance institutions.
iii. Microfinance institutions should measure and disclose their performance plainly, socially and financially.

Women entrepreneurs are the updated process. As an entrepreneur every woman deal all the factors related towards production. Risk taking behavior, providing employment to others, planning and executing all are performed by the women entrepreneurs. Knowledge inculcation and learning of the women entrepreneurs leads to their empowerment. This it is a challenge for women. Empowerment of women in several dimensions of the women had led them to become an entrepreneur. Entrepreneurship is development over the empowerment of the women. This can be explained that the women entrepreneurship is the resultant of the empowerment of women in several areas and in several dimensions. In olden days, women can find themselves with doing some small businesses like stitching, embroidery, sewing, mending and cooking. Entrepreneurship is usually related to micro enterprise level in the rural areas. Micro enterprises even though they are very small in all the aspects of a business they also contribute towards the individual economic independence, personal development and improve the social capabilities and recognition among the society members. Economic empowerment of women towards entrepreneurship had led to the financial empowerment of

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women. The socio-economic opportunities, property rights, political representation, getting social equality, achieving personal rights were achieved by the women entrepreneurs. Family development, market development and community development are achieved towards the national development as a whole.

Review of Literature

Kanimozhi and Natarajan (2017) found that financial institutions do not influence small business development. It is recommended that loan repayment period should be long. This will ensure that the end-users have better use of the loan, and increase ease of repayment because payment will be spread over a wide period of time.

Abubakar Sani, et al. (2017) revealed that there is a positive relationship between microfinance and poverty reduction. In the pursuance for explanations to the country's growth and poverty improvement microfinance is suitable one of the most fashionable options as credit has been originate as impediment to the poor people.

Elizabeth Wanjiku and Alex Njiru (2015) discovered that microfinance services have positive influence on women empowerment in Kenya. The research also identified that microfinance services granted financial support which granted women with start-up and working capital, savings, training and hence, positive influence on empowerment of women and decision making and women role in society. The research recommended that the Government should originate and review the available strategies on microfinance and women financial empowerment in Kenya to include the emerging problems due to volatility of the banking sector and the needs in the wants of the poor people.

Ahmed Mohamed Dahir (2015) discovered that the microfinance institutions have a positive influence on mitigation of poverty among poor community. Misreading about microfinance institutions due to their inadequate loans, less mentionable support from Government, newly inception and contributor funding delay the microfinance institutions affluent and hence, this research affords involvement in the field of microfinance in poverty reduction.

John Kwame Adu, et al. (2015) discovered that there is a association between income and savings which directs to a positive influence on the financial position of families. It is also discovered that microfinance behaviors convey enhancement in the usual of living of the members not only in economic terms but also in social terms.

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Orazio Attanasio, et al. (2015) found that positive influence of access to group loans on women entrepreneurship and family food utilization but not on whole income in the household. The research also found no difference in refund charges between both groups of microcredit. The research recommended that joint accountability may discourage borrowers from via loans for noninvestment reasons with highly impacts as an end result.

Anna Church (2017) discovered that major factors promote the creation and growth of sustainable corporations and dimensions hindering such enlargement. The research recommended that by implementing and learning best performs through social, economic, and environmental sustainability ideologies, beginner entrepreneurs and small business proprietors could assemble a flexible company and expand its longevity.

Khadijah Mohamad Radzi, et al. (2017) found the relationship between knowledge sharing, financial resources, marketing capability and business success. The research recommended that make possible industry practitioners to expand complete business strategies and efficient institutional plans to sustain the international competitiveness of small businesses below the FELDA scheme.

Nse Bassey Okon and Theresa Eyo Edet (2016) suggested that potential business peoples should perform extensive possibility studies to assess the viability of any future business to avoid investment in unbeneficial business ventures. Government and financial institutions should expand a holistic approach to plans started by them.

Samuel Odongo Anyanga and Micah Odhiambo Nyamita (2016) demonstrated that SMEs in Kenya have recognized relative development with each step of development characterized with countless management tests. The most important development strategy the business enterprises implemented is product development policy, but to a reasonable extent through recognition of new bazaars for their new accessible products. The research also discovered that the majority of the entrepreneurs implemented product development plan that embattled particular market subdivisions.

Mariam Ally Tambwe (2015) revealed that appropriate entrepreneurship preparation leads to winning performance of MSEs. The research also discovered that there is a positive relationship between entrepreneurship training and MSEs successful performance. The researches recommend that efforts should be prepared by the Government and business expansion services suppliers to guarantee and improve availability of these training to all MSEs in the country for sustainable financial growth.

Research Methodology

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Research Design

Descriptive research design has been employed this study. The descriptive research design is efforts to clarify the activities of the women entrepreneurs in relation to a challenging practice or background of meaning. Based on compensate of descriptive research design, the researcher has used the descriptive research to found the role of microfinance on performance of women entrepreneurs in Cuddalore district.

Framework of the Research

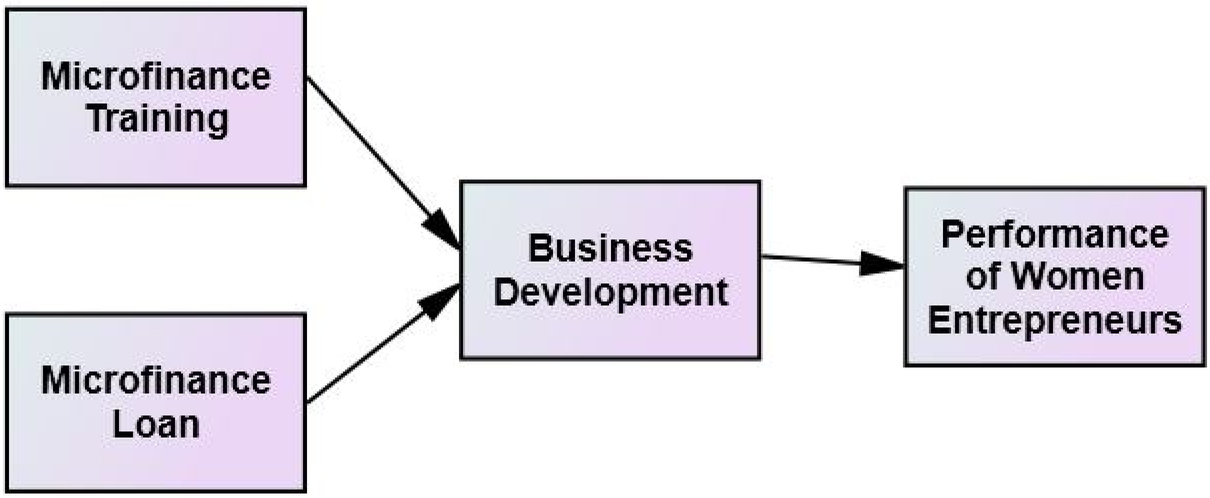

Figure 1: Framework of the Research

The framework of the research is used to identify the role of microfinance on performance of women entrepreneurs in Cuddalore district. Microfinance training and microfinance loan are considered as a independent variables. Business development is considered as dependent variable. Finally, performance of women entrepreneurs is considered as outcome variable.

Objectives of the Study

- To study the influence of microfinance training and microfinance loan on business development among women entrepreneurs.
- To know the influence of business development on performance of women entrepreneurs.

Hypotheses of the Study

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- There is no influence of microfinance training and microfinance loan on business development among women entrepreneurs.
- There is no influence of business development on performance of women entrepreneurs.

Questionnaire Construction

Data collection tolls such as microfinance training, microfinance loan, business development and performance of women entrepreneurs are developed by researcher. For all the questions of the questionnaire structure the alpha was ranged from 0.78 to 94. This reliability validity values shows that high reliability and validity of the statements of the annexure.

Table 1: Reliability of the Research

S.No.	Variable	Reliability	Author
1	Microfinance Training	0.78	Self Design
2	Microfinance Loan	0.82	
3	Business Development	0.94	
4	Performance of Women Entrepreneurs	0.92	

Area of sample and justification

Cuddalore district have been selected for this research as area of sampling. Hence, there is a required to defend and expand the women entrepreneurs as a whole. By understanding this, the role of microfinance on performance of women entrepreneurs is judged for the research.

Sampling design

The sample comprises the women entrepreneurs in Cuddalore district of Tamilnadu.

Determination of sample size

This study is performed to identify the role of microfinance on performance of women entrepreneurs. Pilot study sample size of the research is 75 women entrepreneurs in Cuddalore district of Tamilnadu.

Sampling technique

Sampling technique presents a range of techniques that allow decreasing the amount of data wanted to collect by believing only data from a subgroup pretty than all probable

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cases or rudiments. Simple random sampling technique of probability sampling method was followed to collect the primary data for the research.

Toll for data analysis

Path analysis was used for data analysis. It is used to identify the role of microfinance on performance of women entrepreneurs in Cuddalore district. Microfinance training and microfinance loan are considered as a independent variables. Business development is considered as dependent variable. Finally, performance of women entrepreneurs is considered as outcome variable.

Analysis and Interpretation

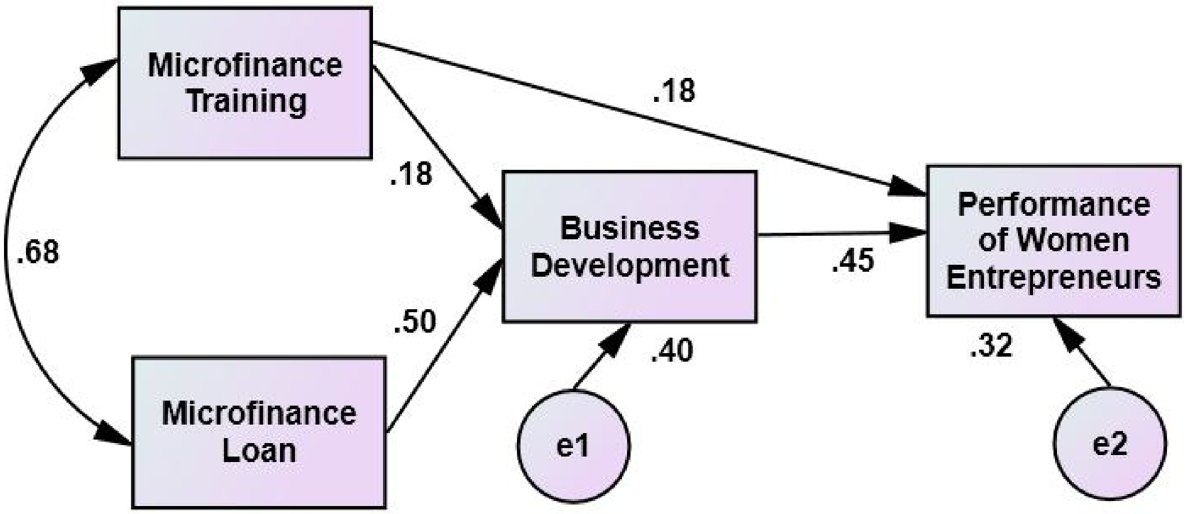

Figure 2: Path analysis of Performance Enhancement through Skill Development Initiatives among Women Entrepreneurs

Table 1: shows Model Fit Indication

Indicators	**Observed Values**	**Recommended Values (Premapriya, et al. 2016)**
Chi-Square	1.569	---

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p	0.210	Greater than 0.050
GFI	0.998	Greater than 0.90
AGFI	0.983	Greater than 0.90
CFI	0.999	Greater than 0.90
NFI	0.998	Greater than 0.90
RMS	0.035	Less than 0.080
RMSEA	0.002	Less than 0.080

Source: Primary data

The above model fit table, it is discovered that the chi-square value is 1.569. The p value is larger than 5% level. The AGFI and GFI values were larger than 0.90 and also suggested by Saminathan, et al. (2019). The computed NFI and CFI scores were larger than 0.90 and also suggested by Velaudham and Baskar (2015) and Kantiah Alias Deepak and Velaudham (2019). It was established that RMSEA and RMS scores were less than 0.08. The above indicators indicate that it was absolutely fit Velaudham and Baskar (2016).

Table 2: Regression Weights

DV		IV	Estimate	S.E.	C.R.	P	Label
business development	<---	microfinance training	0.266	0.074	3.597	0.177	0.001
business development	<---	microfinance loan	0.779	0.077	10.166	0.500	0.001
performance of women entrepreneurs	<---	business development	0.248	0.025	9.888	0.445	0.001
performance of women entrepreneurs	<---	microfinance training	0.153	0.038	4.059	0.183	0.001

Source: Primary data

H_0: There is no influence of microfinance training on business development.

Influence of microfinance training on business development calculated value of CR is 3.597. The Beta value was 0.177. The beta value indicates that 17.7 percent of influence is through microfinance training towards business development. The p value was 0.001. The p value was less than 5% and the hypothesis was rejected. Hence, it can be concluded that the microfinance training influences business development among women entrepreneurs in Cuddalore district.

H_0: There is no influence of microfinance loan on business development.

Influence of microfinance loan on business development calculated value of CR is 10.166. The Beta value was 0.500. The beta value indicates that 50 percent of influence is

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through microfinance loan towards business development. The p value was 0.001. The p value was less than 5% and the hypothesis was rejected. Hence, it can be concluded that the microfinance loan influences business development among women entrepreneurs in Cuddalore district.

H_0: There is no influence of business development on performance of women entrepreneurs.

Influence of business development on performance of women entrepreneurs calculated value of CR is 9.888. The Beta value was 0.455. The beta value indicates that 45.5 percent of influence is through business development towards performance of women entrepreneurs. The p value was 0.001. The p value was less than 5% and the hypothesis was rejected. Hence, it can be concluded that the business development influences performance of women entrepreneurs among women entrepreneurs in Cuddalore district.

H_0: There is no influence of microfinance training on performance of women entrepreneurs.

Influence of microfinance training on performance of women entrepreneurs calculated value of CR is 4.059. The Beta value was 0.183. The beta value indicates that 18.3 percent of influence is through microfinance training towards performance of women entrepreneurs. The p value was 0.001. The p value was less than 5% and the hypothesis was rejected. Hence, it can be concluded that the microfinance training influences performance of women entrepreneurs among women entrepreneurs in Cuddalore district.

Findings of the Research

- The analysis identified that there is influence of microfinance training and microfinance loan on business development among women entrepreneurs.
- The analysis also discovered that there is influence of business development on performance of women entrepreneurs.

Recommendations

- It is recommended that microfinance institutions should provide more short term loans to meet emergencies of women entrepreneurs, provide insurance on loans and businesses and also provide interest on the savings of women entrepreneurs. The score of the loan should also be sufficient enough to meet the capital necessities of the women entrepreneurs.

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- Microfinance institutions should provide training to women entrepreneurs on financial management skill, managerial skills in areas like negotiation skills, and business knowledge.

Conclusion

Knowledge inculcation and learning of the women entrepreneurs leads to their empowerment. This it is a challenge for women. Empowerment of women in several dimensions of the women had led them to become an entrepreneur. Micro finances are actually related to financial services which include savings, trainings, insurance and credits to the poor of the poor in order to lift the socio-economic status. The researcher has used the descriptive research to found the role of microfinance on performance of women entrepreneurs in Cuddalore district. Sample size of the research is 75 women entrepreneurs. The analysis identified that there is influence of microfinance training and microfinance loan on business development among women entrepreneurs. The analysis also discovered that there is influence of business development on performance of women entrepreneurs. Hence, It is concluded that that microfinance institutions should provide more short term loans to meet emergencies of women entrepreneurs, provide insurance on loans and businesses and also provide interest on the savings of women entrepreneurs. The score of the loan should also be sufficient enough to meet the capital necessities of the women entrepreneurs.

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