CHAPTER 3

RESEARCH METHODOLOGY

The ‘policies of exclusion’ of the so called patriarchal societies throughout the world, especially in the least developed and developing countries are primarily responsible for marginalization of women both covertly and overtly. The practice of exclusion is widespread and it encompasses every sphere of society- political, social and economic and so on, which makes resources and organizations, inaccessible to women. As per ILO’s Global Employment Trend 2013, out of 131 countries, India ranks 11 from the bottom in female labour force participation. Globally female labour force participation stands at 51.1 percent, going up to 66.4 percent in East Asia but falling to 31.8 percent in South Asia. Whereas, in India labour force participation rate for women fell from over 37 percent in 2004-05 to 29 percent in 2009-10. In our country, women represent only 31 percent of the total workforce and 32 percent of the informal workforce but of the female workforce, 96 percent are informally employed. Hence, it results in failure to allow women to have full access of the labour market which remained as untouched and under-utilization of human resources that holds back productivity and economic growth.

The main reason of disparity is that women have no legal access to employment in the same industries and occupations as their male counterparts have. Majority of the women are concentrated in those sectors of the economy which are simply not growing. At this juncture, women’s participation in income generating group activities is believed to increase their status and decision making power. With empowerment, women would not remain ‘objects’ of social change but will become an ‘agent’ of it. They will cease from
being ‘consumer’ of economic goods and services and would turn into ‘producers’.

In the advanced countries of the world, there is a phenomenal increase in the number of self employed women after the Second World War. Earlier majority of the rural women entrepreneurs were concentrated in low-paid, low-skill, low-technology and low productivity jobs and mostly were associated with 3 K’s- Kitchen, Kids and Knitting. Even after sixty six years of independence still reducing urban-rural disparities and gender inequalities is a crucial element for any developmental strategy. Mobilization of the potential productivity of rural people and particularly of women is indispensable to achieve the resilient economic growth that will pull people above the poverty line (UNIDO, 2003). The challenge before the society is therefore, to evolve strategies to break the stereotypes of the past by solving problems of poverty, illiteracy, environmental degradation, violence, gender inequality etc. In India, the country’s response to the challenge of equality development and peace is the ‘empowerment strategy’. Hence, SHGs has emerged as the most vital instrument in the process of participatory development and women empowerment.

The rural women are the marginalized and disadvantaged groups in the society because of their socio-economic constraints. They remain backward and in the lower position of the social hierarchical ladder. They can lift themselves from the masses of poverty and stagnation through microfinance and formation of SHGs. These strategies could not only bring about a change in the patriarchal outlook in the form of driving them out of the forced confinement to the four walls but also encourage the male counterparts to persuade them to participate in the earning activities, thereby contributing to family income, which in turn may tackle poverty to a great extent.
3.1 Need and Scope of the Study

Liberalization, privatization and globalization growth maximizing strategies have virtually isolated the poor, who bear the pain of “development” in the neoliberal focus on macro-economics. During the twentieth century, global average per capita income rose strongly, but with considerable variations among and within countries. Indeed, it is clear that the income gap between rich and poor countries and between the rich and the poor within each country has been widening for many decades (Sutcliffe 2004 and IMF 2002).

Poverty and unemployment are among the major problems of developing countries, to which India is no an exception. In Asia unemployment percent is increasing by 2 to 5 percent per annum. Among the Asian countries the unemployment growth rate is gradually increasing due to rapid growth of population. China with a population of 134 crore provide employment to 96 percent of its population, but India with a population of 124 crores hardly provides employment to less than 30 percent of its population. As per Human Development Report (2007), 28.6 per cent of the population in India is living below the national poverty line and 80.4 per cent of the population is living on (less than) the original UN Development Goal of two dollars a day (PPP). The Employment and Unemployment Survey Report of 2009-2010 estimated the overall unemployment rate at 9.4 per cent. The figures for rural areas are generally worse than those for urban areas (GIPC, 2010 and Alkire et al., 2011).

Various experts on developmental issues (poverty, inequality, hunger) have argued that employment opportunities and enhanced income from both farming and non-farming activities are essential for rural economic development and the reduction of rural poverty (Narayanasamy et al. 2003, Kay 2009). Rural communities that are well organized have
better chances to develop such opportunities by involving unemployed labour force especially women in the income generating activities (Gurumoorthy, 2000 and Barbara and Mahanta, 2001).

Ever since independence, a number of innovative programmes have been launched for the uplift of women, but the results seems to be far from satisfaction. The prime reasons being improper identification of beneficiaries, lack of participation of women due to strong resentment by their male counterparts, illiteracy, lack of business knowledge, high dependence on formal sector credit agencies which are yet to reach the vast majority of rural poor and the lack of follow up action by the Government itself. The problem required a complete paradigm shift where the flexible and responsive system meets the needs of the rural poor and more importantly women.

Women empowerment, particularly in rural areas has a greater influence in governing sustainable development. Hence, it is important to create opportunities for socio-economic development of women especially in the rural areas where they have access to resources, participation in decision making and social development etc. Secondly, the performance of formal financial institutions in their lending to poor in India remained unsatisfactory due to apathetic attitude of bankers and heavy rate of interest imposed upon them. As a result of the inaccessibility of the formal banking system to the poor, the concept of Self Help Groups (SHGs) has emerged as a most vibrant alternative developmental strategy to protect the rural unemployed folk from the clutches of greedy money lenders and to enable them self-dependent and self-reliance, self-production and self-empowerment by mobilizing internal resources of the persons, the group or the community.
The Indian rural market with its vast size and demand base also offers great opportunities to marketers. Two-thirds of countries consumers live in rural areas and almost half of the national income is generated here. It has been estimated that the rural market is growing at the rate of five times its urban counterpart. As per census 2011 there are 83.3 crores people, about 69 percent of the country’s total population, continue to live in rural India and creating tremendous scope for micro-enterprises/SHGs to capture some portion of the untapped rural market share.

Although Self-help groups have generated various income generating activities and have provided employment to large number of masses across the country in the rural areas, but their growth and sustenance to a large extent depend upon the activities they chose to perform, the product they plan to produce and the marketing strategies they decide to pursue. With appropriate marketing support strategies, the members of SHGs can build micro-enterprises as a source of their employment and income.

Two marketing strategies viz. marketing penetration and market creation could be followed by the SHGs for identifying the self-employment potential. The new entrepreneurs should enter the market essentially on non-price consideration. These groups should sell more of their existing produce in the existing market or find new markets in the nearby area or try to explore more marketing opportunities for their existing products.

In the real sense marketing strategies adopted by SHGs in many of the states of India are not much developed, thus there is a need arises to find out the reasons of such hindrances in the area of market, product design and positioning, pricing, distribution and promotion etc. Hence, SHGs need to strengthen their base to penetrate the local market in a broader manner, not only to survive and grow in business, but also a means to the development of the rural economy.
The current study which was basically an action research will provide an opportunity to bring awareness among women for capacity building as ability to plan, make decisions, organize, manage and carry out activities, deal with people and institutions, and create market for their products in the world around them. The aim of the study was to assess the marketing strategies adopted by the SHGs in Punjab and Haryana and also to find out whether or not the prevalent marketing practices are to be altered. The study also aims at to address the growth and profitability, performance, level of satisfaction of group leaders (representatives) and members of SHGs. The study will also highlight the problems faced by the SHGs and would provide remedial measures to solve the problem.

3.2 Objectives of the Study

The major objectives of the ongoing study are as follows:

1. To measure the level of growth and profitability of SHGs in the selected districts.
2. To evaluate the marketing practices of the SHGs to promote sales of their products/services.
3. To assess the various factors influencing satisfaction level of SHG members.
4. To analyze the benefits, problems and viability related issues faced by the SHGs.

3.3 Hypotheses

To fulfill the second objective of the study, the following null hypotheses have been framed and tested.

\[ H_0 \text{(a)}: \text{There is no significant difference between average profits of SHGs grouped on marketing strategies namely- type of activity, basis of price fixation, location, promotion strategy and number of members per group.} \]

\[ H_1 \text{(a)}: \text{There exists significant difference between average profits of SHGs} \]
grouped on marketing strategies namely- type of activity, basis of price fixation, location, promotion strategy and number of members per group.

H₀ (b): There is no significant difference between average sales of SHGs grouped on marketing strategies namely- type of activity, basis of price fixation, location, promotion strategy and number of members per group. 

H₁ (b): There exists significant difference between average sales of SHGs grouped on marketing strategies namely- type of activity, basis of price fixation, location, promotion strategy and number of members per group.

For the purpose of third objective, the following null hypothesis has been formulated and tested:

H₀ (c): There is no significant difference between the satisfaction of SHG members based on the various determinants namely age of the participants, their community, level of education, reason to join the group, type of their family, number of family dependents, occupation, type of house and annual household income influencing their satisfaction level.

H₁ (c): There exists significant difference between the satisfaction of SHG members based on the various determinants namely age of the participants, their community, level of education, reason to join the group, type of their family, number of family dependents, occupation, type of house and annual household income influencing their satisfaction level.

3.4 Tools and Techniques Used for Data collection

A well-structured, pre-tested questionnaire and schedule was prepared carefully after having discussions with experts and through consultation of available literature so as
to fulfill the objectives of the study. In order to get reliable information, questions covering different aspects of study were framed such as socio-economic profile of their respective group members about their age, educational status, type and structure of their family, number of dependents, type of house and their average annual family income. Besides that they were also interviewed about the SHG activities such as group maturity, amount of saving per month, total amount of bank loan received, rate of interest, purpose for which loans were utilized, amount of their repayments etc. To study the marketing strategies adopted by SHGs, the leaders were asked various questions related to their type of activity, technology used, price policy of products, method used for sale, mode of payment, channel used to promote the sales of their products in market. The date and time to arrange focus groups of SHG members were decided with the help of mukhya sewika of Block Development office and detailed information was obtained through face to face interaction with the group leaders and their members. Care has been taken whether the respondents provide not only just yes/no answers but useful perspective also.

3.5 Pilot Study and Pre-testing of the Questionnaire

The questionnaire was pre-tested from 15 SHGs each of district Sangrur (Punjab) and Fatehabad (Haryana) to check authenticated validity; whether the information included in the questionnaire would be sufficient to achieve the objectives of the study or not. After obtaining their suggestion modifications were incorporated and final draft was made for data collection.

3.6 Area of the Study

The present study was confined to states of Punjab and Haryana. Punjab is an agrarian state and here more than 70 percent of the total population of the state is directly or indirectly
depend upon agriculture and allied activities for their livelihood. Punjab is self-sufficient in food production and led the country’s green revolution in the 1960s and earned the title as India’s “bread basket” and at present it stands at number 2 in overall competitive ranking.

Whereas, as far as the state Haryana is concerned, it is also an agrarian state and famous for wheat and milk production. Its vast plains that stretch between river Indus and Gangetic belt have fertile soil and hence have improved the crop productivity of the country. It is a leading state in automobile manufacturing and has much scope for the industries as well.

3.6.1 Selection of the districts

For collecting primary data, Multistage sampling technique has been followed. From the state Punjab, district Sangrur was selected for the studies, while district Fatehabad was selected from the state Haryana. District Sangrur stands on the top in the productivity of wheat and paddy. It is also playing a leading role in the production of vegetables and had made significant contributions in the productivity of cotton and sugarcane. It also possesses a lot of potential in establishing industries.

Similarly in district Fatehabad of Haryana, most of the people are directly or indirectly depend upon agriculture and milk production and because of the backwardness of the district, people shift from rural areas to cities for the sake of employment opportunities. If small micro enterprises are established, the economy of people can be strengthened. The climate and geographical conditions of both the selected districts are same and also lies on the border areas. Since the investigator belongs and resides in district Sangrur which has boundaries with Fatehabad in its south. Therefore, it was an easy access for the researcher to collect the information without spending much money and time. The officials of the selected districts also provided relevant information and other supportive help; hence
selection of the districts was made.

### 3.6.2 Selection of blocks

In this stage, two blocks each from the two selected districts were taken where there were sufficiently large number of credit linked SHGs under SGSY. In this way, Sangrur and Sunam block were taken from the district Sangrur. Block Tohana and Jakhal were taken from the district Fatehabad. These blocks of district Sangrur and Fatehabad had 124 and 254 SHGs respectively.

### 3.6.3 Selection of Sample SHGs

In this stage, secondary data i.e. list of SHGs formed were obtained from District Rural Development Agencies (DRDAs) of district Sangrur (Punjab) and district Fatehabad (Haryana). Thereafter, 100 SHGs from the two selected blocks (i.e. 50 from block Sangrur and 50 from block Sunam) of district Sangrur and 100 SHGs from two selected blocks (i.e. 50 from block Tohana and 50 from block Jakhal) of district Fatehabad were visited and questionnaires were given to them, which was got filled. Only the data of those SHGs i.e. 91 SHGs from district Sangrur and 74 from district Fatehabad were considered for the study which remained engaged in income generating activities and have earned profits for at least 3 years.

### 3.6.4 Selection of SHG members

To assess the level of member satisfaction, a separate interview schedule was prepared consisting of questions related to the satisfaction of SHG members with regard to subsidy, performance of Government agencies such as BDO offices at block level, DRDAs at district level, maintenance and record keeping of accounts and the facilities provided by Government. In the last stage, four members (a group leader, a secretary and two ordinary members) from each SHG were selected randomly and interviewed. Thus the sample of
660 respondents comprises 364 members from district Sangrur and 296 members from district Fatehabad have been taken for analysis.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the District</th>
<th>Number of Groups Surveyed</th>
<th>No. of groups given information</th>
<th>Name of the Block</th>
<th>Total No. of SHGs in each block</th>
<th>Number of SHGs Surveyed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sangrur (Punjab)</td>
<td>100 (604)</td>
<td>91</td>
<td>Sangrur</td>
<td>70</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Sunam</td>
<td>79</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>149</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td>2</td>
<td>Fatehabad (Haryana)</td>
<td>100 (1031)</td>
<td>74</td>
<td>Tohana</td>
<td>120</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Jakhal</td>
<td>134</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>254</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Secondary data from DRDA office of the concerned district.

**Note:** Figures in parentheses indicate total number of credit linked SHGs in the two selected districts up to March 2012.

### 3.7 Sources of Data

In the present studies, both primary and secondary data was collected. The primary data was collected with the help of questionnaire from the 91 SHGs groups and 364 group members from district Sangrur, while 74 SHGs and 296 group members from district Fatehabad were selected. For collecting information, a focus group discussion was held with group leaders and its members pertaining to their groups, loan availability, subsidy and various other issues related to the study (see annexure 1). To study the perception of their members, a separate interview schedule was prepared (see annexure 2). The secondary
data was collected from the books, published journals, periodicals, reports of various rural development agencies such as NABARD, DRDA etc.

### 3.8 Content validity of the interview schedule

In this study the interview schedule’s content validity was determined with the help of a panel of experts having expertise of SHGs such as project officers DRDA, BDO, Mukhya sevika of Block office, bankers, some SHG leaders and their group members of district Sangrur (Punjab) and district Fatehabad (Haryana). Of course, the panel of experts on this topic thoroughly viewing and scrutinizing the interview schedule disclosed that it covered all the aspects required for conducting the study and certainly met the standards.

### 3.9 Frame work of Data Analysis

The collected data were edited and analysed with reference to the specific objectives of the study. Findings of the study were presented with the help of tables and graphs. Computer software like Microsoft-Excel 2010 and SPSS 18.0.0 were used to apply various statistical techniques. The analysis was carried out as follows:

Measuring the growth of SHGs in district Sangrur (Punjab) and district Fatehabad (Haryana) the first objective of the study, has been fulfilled by calculating the Annual Compound Growth Rate (ACGR) for thirteen years from 1999 to 2012. To access the profitability of selected SHGs from district Sangrur (Punjab) and district Fatehabad (Haryana), Standard Deviation, Coefficient of Variation have been used.

As regards the second objective of evaluation of marketing strategies, Chi-square test has been applied to find out the significance of the influence of marketing factors on average profit and sales. Null hypothesis have been formulated and tested to know the difference of average profits of SHGs and average sales of SHGs. .
To fulfill the third objective of the study, Chi-square test has been used to know the association between two attributes as satisfaction level of SHG members and the various other factors such as: age of participants, community, level of education, reason of join the group, type of family, number of family dependents, occupation, type of house and their annual income influencing their satisfaction level.

To accomplish the fourth objective of the study, namely assessing the benefits, strengths and problems of the SHGs, weighted average analysis has been carried out. To assess their viability related issues, discriminant function and ‘t’ test has been used.

A brief analysis of the statistical techniques used is given below:

3.9.1 Chi-square Test ($\chi^2$)

Chi-square test is a non-parametric test which applied to find out the association among two or more attributes. The test is applied to find out whether the marketing strategies adopted by SHGs have increased the average profit and sales or not and also to assess the various factors influencing satisfaction level of SHG members.

The value of Chi-square was calculated as follows:

$$\chi^2 = \frac{\sum (E - O)^2}{E} ,$$

where:

$O =$ Observed frequencies

$E =$ Expected frequencies.

The expected frequency for any cell can be calculated as follows:

$$E = \frac{RT \times CT}{n} ,$$

where:

$RT =$ the row total for the row containing the cell
\( CT = \) the column total for the row containing the cell

\( n = \) Total number of observations.

The calculated value of Chi-square was compared with the table value for the degree of freedom which is equal to: \((\text{No. of columns - 1}) \times (\text{No. of rows - 1})\) at certain specified level of significance. If the calculated value was greater than the table value, the difference between observed and expected value was considered significant.

### 3.9.2 Discriminant function analysis

Discriminant function analysis is a statistical tool designed to study the differences between two or more groups with respect to several variables simultaneously and it provides a mean of classifying any unit/individual into group with which it is most closely associated. It also provides the relative importance of each variable used to discriminate between different groups. This test is applied to estimate the relationship between a single categorical dependent variable and a set of quantitative independent variables. Discriminant function analysis was also performed to identify the variables which discriminate between successful or progressive SHGs and unsuccessful or non-progressive among the sampled SHGs. A linear combination of predictor variables, weighted in such a way that it will best discriminate among groups with the least error and is known as linear discriminant function which is given by the equation

\[
D = L_1X_1 + L_2X_2 + \ldots + L_nX_n.
\]

Where:

\( X_1 = \) predictor variable

\( L_1 = \) discriminant coefficient

\( D = \) value of discriminant score of a particular unit

The calculated value of discriminant score of a particular unit is compared with certain
critical value $D^*$. If the calculated value is greater than a certain critical value $D^*$, the unit would be classified as successful SHG; otherwise the unit would be classified as unsuccessful.

### 3.9.3 Weighted Average Score

To assess the strengths and benefits of SHGs and their problems, weighted average score method was used. To assess the strengths of SHGs, 4 point rating scale was used. To analyze their benefit, 5 point scale and to assess their problems, 8 point rating scale was used by assigning 4, 3, 2, 1 for first, second third, fourth rank; 5,4,3,2,1 points for first, second third, fourth and fifth rank; 8, 7,6,5,4,3,2,1 points for first, second third, fourth, fifth, sixth, seventh and eighth rank respectively. After calculating the weighted average score of each factor, new ranks were created by assigning first rank to highest score factor, 2nd rank to score following highest score factor and so on.

### 3.9.4 t-test

The t-test is applied to measure the mean performance of predictor variables between the successful and unsuccessful groups. The null hypothesis ($H_0$) is that both the samples come from the same normal population and there is no significant difference in their mean values. The alternate hypothesis ($H_1$) is that there is significant difference in the mean of predictor variables of two samples. To carry out the test, t value is calculated as follows:

$$ t = \frac{\bar{X}_1 - \bar{X}_2}{s} \cdot \sqrt{\frac{n_1 n_2}{n_1 + n_2}}, $$

$$ 5 = \frac{\sum (X_1 - \bar{X}_1)^2 + \sum (X_2 - \bar{X}_2)^2}{n_1 + n_2 - 2}, $$

where:

\( \bar{X}_1 \) = Mean value of the first sample
\( \bar{X}_2 \) = Mean value of the second sample

\( n_1 \) = Size of first sample

\( n_2 \) = Size of second sample

\( S \) = Combined standard deviation of two samples

The degree of freedom is equal to \( n_1 + n_2 - 2 \).

**Results:** In order to test the set hypothesis, the calculated value of ‘t’ is compared with the table value for degree of freedom at certain level of significance.

If ‘t’ > \( t_{0.05} \) (0.01) for \( n_1 + n_2 - 2 \) then \( H_0 \) is rejected and \( H_1 \) accepted.

If ‘t’ < \( t_{0.05} \) (0.01) for \( n_1 + n_2 - 2 \) then \( H_0 \) is accepted and \( H_1 \) rejected.