CHAPTER I

INTRODUCTION AND RESEARCH DESIGN OF THE STUDY

1.1 INTRODUCTION

In the era of growth and development, all nations try to uplift themselves to global standards in all areas. The key areas commonly identified by most economists are the social and economic transformation. The economic indicators are per capital income, gross domestic product and net domestic product; share in world trade, foreign exchange reserves etc. On the social side, drinking water, reliable electricity, good sanitary conditions, viable transport system etc. are given due importance. Millions of people in our country dream that India will become an economic superpower in"2020". It will be possible only by means of a balanced growth in all sectors. The pattern of growth prevailing at present is more in urban and metropolitan cities when compared to rural areas. This creates an economic imbalance in our social system.

Over the year’s poverty, unemployment and excess population are our important drawbacks. Among the above three, poverty and unemployment are directly correlated. Creating employment opportunities will curtail the poverty line. A large number of employments can be generated only through making many people as entrepreneurs who would in turn generate employment opportunities not only for themselves but also for others. After the independence Government of India launched innumerable social and economical welfare programs in spite of poverty and unemployment proliferates. Earlier programs like Integrated Rural Development Program (IRDP), Development of Women and Children in Rural Areas (DWCRA), Training of Rural Youth for Self-Employment
(TRYSEM), Supply of Improved Toolkits to Rural Artisans (SITRA) and Ganga Kalyan Yojana (GKY) were conceived to be complementary to each other, for achieving the larger goal of poverty alleviation in the rural areas. Over the years, however, there was eroded in the process of implementation of the programs. These were conceived as integrated programs with the objective of supplementing each other’s effort to ensure energy. However each program has been implemented as a separate and independent program that focused more on the achievement of individual program targets. The overall impact of the programs in poverty alleviation therefore was less than what was expected of them. The programs were, therefore reviewed and the Swaranjayanti Gram Swarozgar Yojana (SGSY) was launched on April 1999 as the single self-employment program in their place. The SGSY is a holistic program and the objective of SGSY is to bring the assisted poor families (Swarozgaris) above the poverty line. Under SGSY poor families are organized into Self-help groups (SHGs) through the process of social mobilization. SGSY ensures training and capacity building and provides income-generating assets through a mix of bank credit and Government subsidy. It is a credit linked scheme. Here, the credit plays a predominant role and subsidy is an enabling component.

The basic idea of "SHG" scheme is derived from International Fund for Agricultural Development (IFAD). IFAD (1989) is quite similar to SHG program, which was organized by an international social welfare agency. The IFAD project was successfully completed in the year 1998. Keeping in mind the positive results of this scheme, the state Governments in India wanted to continue this scheme. So a separate wing was set up under the social welfare department for continuing this scheme. Now SHG is being used as a major weapon in poverty and unemployment eradication. The
SHG strategy is an important component of the Government's overall thrust to mitigate and has been included in every annual plan since 2000.

Self Help group (SHG) is a self-governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. SHG is a group of poor people who have volunteered to organize themselves into a group for the eradication of poverty of its members. SHGs have proved to be successful in addressing the interests of women in a sustained manner. They are extremely useful in generating savings, ensuring successful delivery of credit to individual women and effecting recovery. SHG as a system has infused certain synergy among its members to move up in the socioeconomic ladders from passive onlooker into an active partner/stakeholder in the development process. Business opportunities are not created by external intervention—they arise from markets and entrepreneurial capabilities. The issue is to enable women entrepreneurs to take advantage of market opportunities. The WSHGs must be able to understand the behaviour and character of markets and respond appropriately to the challenges of competition. Marketing of WSHG products among the public requires comprehension of the market dynamics. Markets being highly dynamic in character, enterprises are under constant risk due to the relative ease of entry and exit conditions. The research study concentrates on the marketing strategy of WSHGs in their real time practice and how it is important in their success. Today, WSHGs in India have become a potential tool for the empowerment of women, social solidarity and socioeconomic betterment of the poor in their own setting.
1.2 STATEMENT OF THE PROBLEM

Poverty and unemployment are the twin problems faced by the developing countries. According to the Planning Commission more than one third of India’s total population i.e. 320 million live below the poverty line. Policy makers in India have realized the need for generating employment opportunities on a large scale to bring the teeming millions of its population above the poverty line. While the labour force in India is increasing in number every year, the number of unemployed is swelling and takes the form of huge backlog. As the majority of the population (about 70 percent) lives in rural areas and many of them suffer owing to seasonal unemployment, underemployment and disguised unemployment, the Government brought out a number of schemes which aimed at generating employment.

The origin of the SHGs could be traced to mutual aid in the Indian village community. The Co–operatives are formal bodies whereas the SHGs are informal. The SHGs encourage savings and promote income-generating activities through small loans. The SHGs have reliability, stimulate savings and in the process it helps borrowers to come out of the vicious circle of poverty. From the economic point of view both men and women work shoulder to shoulder to increase the income of the family. Every member of the SHGs has felt the need for more involvement in economic activities. The spirit for social and economic upliftment of members is the significant contribution of each and every SHG. Right from the mid-eighties of the past century micro-finance has become a key strategy for poverty alleviation and empowerment of women in Tamil Nadu. About 98 percent of the Self Help Groups in Tamil Nadu is women's groups. The setting up of
Mahalir Thittam – the poverty eradication program of the State Government – has given a boost to the SHG strategy. There is a general tendency to consider SHGs as a panacea for all the ills of the rural community. This is evident from the mushroom growth of Women Self Help Groups in the State. In many cases it has been a blind replication of successful models without considering the intricacies involved in group formation and sustainability. Marketing is the basis upon which the entire structure of a business concern is built. Marketing practices of WSHGs are very important for their long sustainability. Marketing the finished product is the most challenging task for the members of the WSHGs. In most cases, the middlemen are involved to sell the products of the WSHGs, as no such facilities for marketing and guidance is available to the WSHGs. Selection of key activities by WSHGs is not based on market appraisal. This has resulted into huge inventory of non-competitive and non-optimum products. These outcomes are leading the policy makers to redesign their interventions in terms of identifying markets, developing products, building up an appropriate market channel and equipping the WSHG members with the skill of market appraisal and analysis. Hence, the present study is undertaken to inquire into the marketing performance of Women Self Help Group products and to identify the factors contributing to their failure or success so that the strategy may be replicated effectively for empowering women.

1.3 SCOPE OF THE PRESENT STUDY

It is felt that the disparity and gender bias can be minimized, if not totally eliminated with the success of SHGs in the third world countries. The success of the system of WSHGs in China and Bangladesh has opened up opportunities in India as well.
The main problem which these WSHGs encounters is the acceptance of their products by the consumers. Hence, the present study focuses its attention on marketing performance for the products of these groups. The WSHGs can sustain their market only if they understand the attitude and behavior of their customers. There is a stiff competition from other players especially in urban areas. The study aims to find out how the marketing strategies are applied by the WSHGs. So it will indicate whether or not the existing practices are to be altered. The study aims at measuring levels of performance, success and satisfaction of their activities by analyzing the marketing mix 4 P’s (Product, Price, Physical Distribution and Promotion). The present study, therefore, is conducted in Erode, a second tier city in Tamil Nadu. This city, like any other city is a mix of rich and poor, and is influenced by the rapid growth of urban population. Erode District is one among the district of Tamil Nadu identified for an extensive growth of WSHGs. Many WSHGs have been set up in and around the city, so conducting the present study was found suitable. The study is likely to provide valuable information on the socioeconomic and psychological characteristics of WSHG respondents, motivating factors for the formation of WSHGs, economic activities undertaken by the members of WSHGs and their suggestions for effective an implementation of WSHG activities. The findings could serve as a guideline in formulating further policy and kind of programs. The present study was designed to know the impact of the project on Self Help Groups of women members.
1.4 OBJECTIVES OF THE STUDY

1. To study the growth of Women Self Help Groups in general and in the study area.

2. To analyse the marketing performance of selected Women Self Help Groups in the study area.

3. To examine the level of satisfaction of the Women Self Help Groups towards the performance of WSHG activities.

4. To identify the factors that influence the successful functioning of the Women Self Help Groups in the study area.

5. To examine the problems encountered by the respondents in marketing performance.

6. To recapitulate the findings of the study and to offer suggestions to improve the performances of WSHGs and to solve the problems associated therein.

1.5 DATA COLLECTION AND ANALYSIS

1.5.1 Hypotheses of the Study

1. There is no significant relationship between selected demographic variables and marketing performance.

2. There is no significant difference between selected demographic variables and their success level in WSHG activities.
3. There is no significant association between selected demographic variables and their level of satisfaction towards WSHG activities.

1.5.2 Research Methodology

The methodology of research indicates the general pattern of organizing the procedure for gathering valid and reliable data for the purpose of investigation. The methodology of this study includes the description of research design, sample size, sampling technique, development and description of tool, data collection procedure and method of analysis. The validity of a research depends on the systematic method of collecting the data and analyzing them methodologically. In the present study, extensive use of both primary and secondary data was made systematically. For collecting primary data, field survey technique was used in the study area i.e., Erode District. A wide range of information such as composition of membership, savings mobilized, loan disbursed, training to WSHG members, marketing strategy etc. was ascertained from the respondents of WSHGs. First-hand information pertaining to the respondents’ socioeconomic background, factors influencing the success of WSHGs in the selected study area, product performance, marketing performance, reasons for choosing the channel and problems faced by them were also collected. The analysis obtained from different Taluk are compiled and compared to draw the inferences about the performance of the WSHGs in the study area.
1.5.3 Sampling Design

In the first stage, Erode District has been selected by the researcher purposely as it is one among the leading districts in promoting WSHGs. The primary data was collected from the WSHG animators using stratified random sampling method. The survey was conducted in each taluk of Erode district. One hundred respondents were chosen from every taluk with a total of 500 respondents.

1.5.4 Sources of Data Collection

Both the primary and secondary data were collected to generate information on various aspects related to the objectives of the study.

➢ Primary Data

The primary data was collected with the help of a structured interview schedule which was administered for this purpose. The interview schedule was prepared after sufficient reviews of literature and subject to pre-testing with a pilot survey through preliminary interviews with about 15 WSHG (Women Self Help Group) animators, and was further critically analyzed by research experts and research scholars. Structured interview with beneficiaries with the aid of questionnaires designed in conformity with the objective of the study. Then finally drafted interview schedule was administered to Women SHG Animators to gauge various issues related to the graduation of these WSHGs for successful Enterprise Development.
Secondary Data

The secondary data was collected from various published and unpublished research reports, text books, magazines, journals and dailies, internet web resources, other published and unpublished sources of information.

1.5.5 Analytical Framework

The data were analyzed by using simple statistical tools like Percentage, Average, Range, Standard Deviation, Two-way classification tables, Chi-Square test and ANOVA. In addition to that, Multiple Correlation Analysis, Multiple Regression and Factor Analysis have been used appropriately. Further, Henry Garrett Ranking technique is also used to find out the ranking position of the reasons for choosing the WSHG channel and problems faced in marketing activities of the group.

Chi-Square Test

A family of probability distribution, differentiated by their degree of freedom used to test a number of different hypotheses about variances, proportions and distributional goodness of fit.

\[
\chi^2 = \sum \frac{(O - E)^2}{E}
\]

Degrees of freedom = (R-1)(C-1)

Whereas, 
\begin{align*}
O & = \text{observed frequency} \\
E & = \text{expected frequency} \\
R & = \text{number of rows}
\end{align*}
= number of columns

**ANOVA**

To judge whether the difference among the several sample means is significant or not.

\[
F\text{-ratio} = \frac{\text{Mean Squares (MS) between}}{\text{Mean Squares (MS) within}}
\]

Where,

\[
\text{MS between} = \frac{\text{Sum of Squares (SS) between}}{(k - 1)}
\]

\[
\text{MS within} = \frac{\text{Sum of Squares (SS) within}}{(n - k)}
\]

and \( k \) = number of samples,

\( n \) = Total number of items in all the samples.

**Henry Garret Ranking Method**

This technique was used to rank out the major reasons and problems faced by the Women Self Help Group while in marketing. In this method the respondents were asked to rank the given reasons and problems according to the magnitude of the factor. The order of merit given by the respondents was converted into ranks by using the following formula.

\[
\text{Percentage position} = \frac{100 (R_{ij} - 0.5)}{N_{ij}}
\]
Where, \( R_{ij} \) = Rank given for \( i^{th} \) factor by \( j^{th} \) individual.
\( N_j \) = Number of factors ranked by \( j^{th} \) individual

**Correlation**

Correlation analysis helps to determine the strength of the linear relationship between the two variables X and Y, in other words, as to how strong are these two variables correlated. Karl Pearson, in 1896, developed an index or coefficient of this association in cases where the relationship is a linear one, i.e., where the trend of the relationship can be described by a straight line. The Pearson’s coefficient of correlation is designated by \( r \). The coefficient of correlation \( r \) can be designed as a measure of strength of the linear relationship between the two variables X and Y.

**The Coefficient of Correlation (r)**

\[
r = \frac{n(\Sigma XY) - (\Sigma X)(\Sigma Y)}{\sqrt{n\Sigma X^2 - (\Sigma X)^2} \sqrt{n\Sigma Y^2 - (\Sigma Y)^2}}
\]

**Multiple Regression Analysis**

Regression is the determination of a statistical relationship between two or more variables. One variable (independent) is the cause of the behavior of another one (dependent variable). Regression can only interpret what exists physically i.e., there must be a physical way in which independent variables \( X_1, X_2, X_3, \ldots, X_n \) can affect dependent variable Y.

The basic relationship between X and Y is given by

\[
Y = a + b_1X_1 + b_2X_2 + \ldots + b_nX_n
\]
Where,

\[ Y \] – Dependent variable
\[ X_1, X_2 \ldots X_n \] – Independent variables
\[ a \] – Constant
\[ b_1, b_2 \ldots b_m \] – Regression Coefficients

Factor Analysis

Factor Analysis is one of the important methods of reducing data complexity by reducing the number of variables being studied. Factor Analysis is a good way of resolving the confused data and identifying latent or underlying factors from an array of seemingly important variable. In another way, Factor Analysis is a set of techniques which, by analyzing correlations between variables, reduces their number into fewer factors which explain much of the original data, more economically. Even though a subjective interpretation can result from a Factor Analysis output, the procedure often provides an insight into relevant psychographic variables, and results in the economical use of data collection efforts. The subjective element of Factor Analysis could be reduced by splitting the sample randomly into two, and extracting factors separately from both parts. If similar factors result, the analysis could be assumed as reliable or stable.

1.5.6 Period of the Study

The time span of the present study, took about three year period between 2009-10 and 2011-12, for data collection, preparing the master time-table, data analysis, interpretation and report preparation.
1.6 IMPORTANCE OF THE STUDY

WSHG is a voluntary association of persons with common interests. Women Self Help Groups are small groups of people facing similar problems. The members of the group help each other to solve their problems. It is formed democratically without any political affiliations. Such groups are organized for mutual help and benefit. WSHGs can satisfy maximum financial needs of the members. In short, WSHGs can be stated ‘as a plan by the people, of the people for the people’. It reflects the real people’s participation in the process of development at micro level. It is estimated that more than 25 million rural women of India have been benefited by the Women Self Help Groups (WSHGs). The socioeconomic benefits include economic self independence, participation in village affairs and awareness about education. Even though the benefits of the concept of Self Help Groups are unbelievable but the transformation of successful enterprises is a major problem of the WSHGs. The transformation could not be possible without support of marketing. Marketing is the main reason for the existence of a business. In this age of rapid change, marketing is the springboard of all business operations. It is a powerful mechanism which alone can satisfy the needs and wants of the consumers at the place and price they desire. The success of a business depends largely depends on the effectiveness with which its marketing strategies are formulated and implemented. Marketing guides the actions and decisions of everyone in the business. Hence the study focuses its main attention to the marketing performance of Women Self Help Group products in the selected study area.
1.7 LIMITATIONS OF THE STUDY

It is a social research and the following limitations are,

- The study applies only to some of the selected taluks in Erode District, Tamil Nadu and not anywhere else.

- Due to their sensitive nature of the respondents, it was a little bit different for the researcher to get answers to sensitive queries and so the numbers of respondents are restricted to 500 numbers.

- The study was conducted by the researcher, which was constrained by limited time and other resources at the disposal. The study relied heavily on respondent’s memory to gather information pertaining to certain variables under study. Though the investigator has taken utmost care while collecting data, the possibility of any errors creeping in cannot be ruled out.

1.8 CHAPTER SCHEME OF THE REPORT

The First Chapter, “Introduction and Research Design of the Study”, presents the introduction, statement of the problem, objectives of the study, the hypotheses, methodology, the period of the study, a framework of analysis, the scope of the study, limitations of the study and scheme of the report.

The Second Chapter, “Review of Literature” points the important reviews in relation to the study.
The Third Chapter, “Theoretical Perspective and Development of the Women Self Help Groups in Erode District”, traces the historical background of the WSHGs, the development of the WSHGs and the concept of marketing strategies in related with the WSHGs. This chapter also explains the concept of WSHG, characteristics of WSHGs, formation and development of WSHGs, an overview of the WSHGs in India, in Tamil Nadu and in the study area.

The Fourth Chapter, “Factors Determining the Marketing Performance of Women Self Help Group Products” discusses the factors determining the marketing performance of the WSHG products. It furnishes the profile of the sample WSHGs and the factors influencing their performance in Erode District.

The Fifth Chapter, “Factors Influencing the Women Self Help Group Activities” discusses the factors influencing the WSHG activities and it highlights the level of satisfaction towards WSHG activities.

The Final Chapter, “Summary of Findings, Suggestions and Conclusion” presents the summary of the findings and offer various suggestions for the successful implementation of the WSHG concept.