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Management

PRODUCT RELATED PROBLEMS OF SELF HELP GROUP WOMEN ENTREPRENEURS IN TAMIL NADU

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ABSTRACT

Self Help Group is the small group formed by the women members (normally 20 members) residing in a particular locality, possessing the core skill capability of producing a product individually or in groups and have started business venture of their own with the support of the government agencies. Government of India through the state governments are developing SHGs consisting of women members who are interested in taking up entrepreneurship to set up their own business ventures jointly as a group. The groups containing members are identified through Magalir Mandrams of the rural areas by the Government where the members are from families which are in below poverty line, not much educated and unemployed but young and energetic who are interested in becoming entrepreneurs. Government wants to help these groups during initial period of the business to overcome the teething problems and provides support and training. Ultimately to function independently as a successful business venture. SHGs normally engage themselves in the manufacturing and marketing business in the small scale level like packaged food items, readymade garment unit, embroidery, etc. They are also in service sector like restaurants, tourist taxi operators, etc. Government provides loan at subsidized interest rate, does not insist on guarantee while providing loan, and provides all supports information, implementation and running the business venture. Government to help the destitute women population has come out with the SHG scheme.

INTRODUCTION

Self-Help Group (SHG) enables the rural poor to earn their own livelihood besides participating in the process of development. The SHG scheme has been extensively used by voluntary agencies for a long time but has been incorporated in the conventional development programmes only recently. A typical rural women's self-help group is a good example of capacity building for prospective entrepreneurs. Its aims include enabling members with no educational or industrial or entrepreneurial background to become self-dependent and self-reliant by developing and enhancing the decision-making capacity of members and instilling in them the strength and confidence for solving their problems. They provide poor people a forum where they can learn about collectively mobilising and managing money and matters. Few other Central and State government schemes aimed at capacity building of women and others for entrepreneurship include the 'Stree Shakti' programme in the dairy cooperative sector in M.P., training-cum-employment programme for women called Swa-Shakti and Rashtriya Mahila Kosh Project supported by the World Bank and International Fund for Agricultural Development (IFAD).

Functions and Characteristics of an SHG

NABARD (1997) defines SHGs as "small, economically homogenous affinity groups of rural poor, voluntarily formed to save and mutually contribute to a common fund to be lent to its members as per the group members' decision". Most SHGs in India have 10 to 20 members, who can be either only men, or only women, or only youth, or a mix of these. As women's SHGs or sangha have been promoted by a wide range of government and non governmental agencies, they now make up 90% of all SHGs. As Indian women do not generally have the same opportunities to migrate for wage work as men due to social obligations and taboos, it is particularly important for women to improve employment and income earning opportunities *in situ*, and in a way that is compatible with their role in child care.

Self-help groups are mostly informal group where members pool savings as a thrift deposit. The groups have common perception of need and improvise towards collective activity. Many such groups formed around specific production activities, promote saving among members and use the pooled resources to meet the various credit needs of members. Where funds generation is low in the initial phases due to low saving capacities, this is supplemented by external

resources. Thus self help groups have been able to provide primitive banking service to its members that are cost effective, inflexible and without defaults, based on local requirement. Self help group have also evolved their own characteristics of functioning.

The rules and regulations of SHGs vary according to the preferences of the members and those facilitating their formation. A common characteristic of the groups is that they meet regularly (typically once per week or once per fortnight) to collect the savings from members, decide to which member to give a loan, discuss joint activities (such as training, running of a communal business, etc.), and to mitigate any conflicts that might arise. Most SHGs have an elected chairperson, a deputy, a treasurer, and sometimes other office holders. It appears as though the vast majority of rural SHGs invest the loan amounts in a mix of consumption and productive purposes. As credit needs of the poor are determined in a complex socio-economic milieu, where the dividing line between credit for 'consumption' and 'productive' purposes is rather blurred, it is difficult to adopt the traditional banking approach to lending and to insist that loans are not used for consumption.

Homogeneity refers to sharing similarities: similarity of gender, caste. In most cases, it was homogeneity of gender; at times a particular section, handicapped, come around to form group; at others women of particular caste form their groups. The second most characteristics of the group is regular saving by the group members and setting a set of guidelines to regulate these savings. These rules are as follows:

- Rules about entry and exit policy: About entry, the person should be above 18; should be usually from an economically backward class (but this is not mandatory).
- Rules about regular saving and meetings, etc.
- The third most important characteristics is the linkage with lending institutions. Unlike the formal banking mechanism, banks do not ask for collateral while granting loan to SHG.

Products Details:

The self help group members are producing different type of products largely classified into two main categories namely (1) Agro based products (2) Non – agro based products. Agro based products namely livestock products, dairy products, fisheries, forest product, apiculture, sericulture, food and beverages and horticultural products. Non – agro based

products namely clay, plastic products, furniture and bakery items etc.

Agro based products:

The self help group members are producing different types of agro based products like vegetable cultivation, seed farming, medicinal plants, natural dyes, fruit and flower cultivation, sericulture, fodder cultivation, jaggery making, milch animals, calf, goat, sheep rearing, piggery, poultry, milk products, rabbit & turkey rearing, country boat construction, prawn culture, inland fish farming, ornamental fish rearing, mushroom cultivation, coir products, coconut products, bee keeping, snacks & eatables, silk processing, cashew processing, tea packing, coffee powder making, palm products, bio – fertilizer, oil extraction and areca nut processing.

Non – agro based products:

The self help group member are producing different types of non – agro based products like vessel making, leather tannery, pottery, tanjore plates, jewellery, terracotta, tailoring, fly fish bricks, hollow blocks, gem cutting, stone quarrying, cosmetics, biscuits making, wire bag products, candle making, agar bathi, greeting cards, confectionary, lock making camphor, match box, iodised salt, ceramics, tissue paper and glass wares. Some of the self help group members are engaging themselves in various service sector likely business center (with STD, Xerox, internet facilities), cloth washing, flower vending, commission sales and two wheeler service workshops etc.

I. product related problems:

The policies and procedures of product development and various units of product related factors play a key role in planning of marketing mix strategy. Decision regarding product design, product features, brand name, models, style, appearance, product quality, warranty, package, design type, material, size, appearance and labeling, in service: pre – sale and after sale, service standards and service charges, plays a important role in marketing strategy planning. The self help group member in dindigul district also develop their product policies on their own experience but without following any scientific market analysis. So they are facing number of product related problems like.

1. Lack of knowledge about product branding.
2. Lack of branding policies and procedures.
3. Lack of knowledge about competitors product and objectives.
4. Lack of knowledge about raw material availability and accessibility.
5. Lack of knowledge about packaging practices.
6. Lack of knowledge about description about labeling
7. Lack of information about product development procedure
8. Lack of knowledge about objectives related to product features and variety.

Review of Literature

Rural development cannot be obtained only by heavy industrialization rather small scale and micro enterprises are more sustainable way to benefit the rural poor. There is a need for “Production by Masses, rather than mass production”. (Schumacher, 1977:Tahuri and Singh, 1993)

Rural firm growth is limited by a number of factors, including limited scope of local demand and poor access to extra regional markets, low density and consequent lack of opportunity for net working, inadequate access to and unfamiliarity with modern information technology and difficulties in accessing capital (Nerys et. al., 2006).

The success of rural industries crucially depends on two major functions i.e. effective marketing and internal resource

generation including finance. Too much production orientation is a common fallacy and causes failures of some entrepreneurship efforts. Marketing involves everything which could be important to remain and lead the market. It also involves constant interaction with all relevant stakeholders. It is crucial for both types of rural business i.e. farm sector and non-form sector. Rural households in developing countries typically obtain 30-45 per cent of their total rural income from off-farm resources. The average figures differ by region and range from 29 per cent in South Asia to 45 per cent in Eastern and Southern Africa (Reardon et al., 1998).

The promotion of rural non-farm enterprises is seen as having the potential to absorb this excess farm labour, stimulate rural development and overcome rural poverty (Christensen and Lecroix, 1977). These rural producers have not been able to improve their economic conditions because of slow adaptability, lack of education, raw material unavailability, poor quality and productivity, lack of market intelligence, poor managerial skills and many more to add (Tahori and Singh, 1993).

Craftsmen also lack understanding of the local demand pattern of the area, market dynamics, market channel, price fluctuations, and value addition possibilities which can help them to develop a comprehensive intervention plan based on market realities. (Kashyap and Raut S., 2006).

Product related problems

To gather information from the sample respondents about product related problems of self help group members, the questionnaire instrument distributed to the sample respondents was included a five point likert type scale comprising thirty items with measurement values of one to five from strongly disagree to strongly agree. The internal consistency of the items in the scale was ascertained by cronbach Alpha co– efficient obtained from reliability / items analysis.

Table: 1 presents the results of reliability / item analysis. The item to total correlation for all items ranges between 0. 3189 (item 9) and 0.4621 (item 17). As per the criterion put forth by Nunnally and Bernstein (1994), an item in a scale is acceptable if item total correlation is 0.30 and above. Therefore based on above criterion, all items in the scale used for evaluating product related problems of self help group are acceptable and valid. The overall cronbach alpha estimate for product related problems scale, 0.8532 was also in the good level. That is, internal consistency of the scale item has been at good level. This is based on the rule of thumb provided by George and Mallery (2003). According to his rule of thumb, the cronbach alpha co-efficient of >0.9 = Excellent, >0.8 – Good, >0.7 – Acceptable, > 0.6 – Unacceptable. More over, alpha-if-deleted value for every item in the scale is less than overall cronbach alpha, in turn indicating that removing any item is not going to increase the internal consistency. Hence, on the whole from the reliability / item analysis of the product related problems scale, it is understood that all items are valid and internally consistent, and therefore further analysis can be carried out on the data on product related problems of self help groups collected based on the scale.

The collected data on product related problems of SHG's products was applied to principal component method of factor analysis with varimax rotation in order to identify major product related problems of SHG's products based on perception of the group members. Table provides the eigen values and extractable (valid) factors underlying product related problems of SHG's products based on perception of the group members. Table-2 provide the eigen values and extractable (valid) factors underlying product related problems of SHG's products.

The eigen value of a factors represents the amount of the total variance explained by that factor. The widely used criterion, Kaiser's criterion is used to extract the major aspects underlying product related problems.

According to Kaiser's criterion the factors with eignvalue of one and above are regarded as primary factors. In the above, it can be seen that there are five factors underlying product related problems items with eigen value one.

The variance explained in the actual data by all these five factors together is 60.15 when considered individually, the explained variance is 21.32 percent, 35.75 percent, 45.28 percent, 53.82 percent, 60.15 percent initially, i. e., before rotation, where as it is 14.47 percent, 13.45 percent, 12.38 percent, 10.12 percent and 9.73 percent after varimax rotation

by first, second, third, fourth, and fifth factor respectively.

So it is found that there are five valid aspects (factors) underlying product related problems of SHG's products according to the opinion of the members in the sample. To provide more meaningful interpretation of the factor solution for product related problems of SHG's product, the factor loadings, i.e., correlation of each scale item with every valid factor, obtained from the analysis are used.

Table -3 provider the results of factor loadings for product related problem. From the perusal of the table it is understood that the first factor is highly loaded with items 7 followed by item 29,30, 1 and 3. This shows that the first posses most of the essence

Table-1 Item to total correlation and cronbach alpha co-efficient for items measuring "product"

Sl.No.	Description of scale items	Item to total correlation	Alpha if deleted
1.	Lack of product variety	0.3457	0.8523
2.	Defective product	0.3347	0.8575
3.	Sole depends on one (or) two products	0.3542	0.8543
4.	Lack of different product size	0.3347	0.8524
5.	Inadequate product standardization	0.3532	0.8575
6.	Weak product line	0.4457	0.8522
7.	Shallow product depth	0.3432	0.8537
8.	No separate brand name	0.3271	0.8574
9.	No trade mark	0.3189	0.8523
10.	Absence of customized product	0.4523	0.8522
11.	Lack of knowledge in packaging	0.4175	0.8545
12.	In appropriate labelling policies	0.3823	0.8555
13.	Lack of product quality	0.3341	0.8543
14.	Lack of product design	0.3275	0.8521
15.	Lack of attractive packaging	0.4541	0.8517
16.	Lack of suitable product specifications and grading	0.3784	0.8573
17.	Lack of design development facilities	0.4621	0.8582
18.	Lack of systematic programme for product innovation and development	0.4127	0.8533
19.	Lack of technology innovative product	0.3834	0.8647
20.	Each group have a separate brand name	0.3431	0.8653
21.	Product features are not equal to MNC products	0.4271	0.8547
22.	Product features are not customary in nature	0.3452	0.8557
23.	Poor quality of raw material	0.3345	0.8541
24.	Sole depends upon local resources for packaging	0.4210	0.8547
25.	Poor knowledge about quality certification	0.3784	0.8553
26.	Most of the products does not have packaging	0.3345	0.8573
27.	Expiry date is not available	0.3721	0.8584
28.	Lack of knowledge about importance of packaging	0.4113	0.8581
29.	Product variety is very minimum when compare to competitors	0.3879	0.8573
30.	No variety in colour, design and taste.	0.3741	0.8572
	Overall crunbach alpha		0.8532

Table-2 Eigen values of factors underlying product related problems

Factor	Initial Eigenvalues			Eigen values of valid factors after varimax rotation		
	Eigen value	% of total variance	Cumulative % of total variance	Eigen value	% of total variance	Cumulative % of total variance
1	7.2143	21.32	21.32	4.7344	14.47	14.47
2	4.3123	14.43	35.75	4.2947	13.45	27.92
3	3.2121	9.53	45.28	3.6931	12.38	40.30
4	2.7384	8.54	53.82	2.9447	10.12	50.42
5	2.0485	6.33	60.15	2.7443	9.73	60.15
6	0.6652	4.54				
7	0.6431	4.33				
8	0.6492	3.84				
9	0.5942	2.53				
10	0.5811	1.94				
11	0.5735	1.87				
12	0.4892	1.83				
13	0.4731	1.80				

14	0.4544	1.75			
15	0.4323	1.70			
16	0.3814	1.68			
17	0.3727	1.63			
18	0.3625	1.54			
19	0.3554	1.32			
20	0.3445	1.22			
21	0.3412	1.01			
22	0.3374	0.98			
23	0.3254	0.93			
24	0.2887	0.87			
25	0.2787	0.85			
26	0.2645	0.82			
27	0.2554	0.75			
28	0.2432	0.73			
29	0.2324	0.65			
30	0.1945	0.63			

Table-3 Factor loadings of items with valid Factors underlying product related problems

Item No.	Valid Factors				
	1	2	3	4	5
1	0.823				
2					0.901
3	0.812				
4	0.791				
5					0.841
6	0.798				
7	0.843				
8			0.872		
9			0.855		
10					0.811
11		0.831			
12			0.842		
13					0.824
14	0.783				
15		0.872			
16					0.791
17				0.901	
18				0.893	
19					0.813
20			0.881		
21				0.793	
22				0.841	
23					0.853
24		0.793			
25					0.911
26		0.838			
27			0.889		
28		0.871			
29	0.841				
30	0.833				
	Product variety	Package	Labelling	Product feature	Quality

Of group members opinion about shallow product depth, product variety is very minimum when compare to competitors, no variety in colour, design and taste and lack of product variety and sole depends on one (or) two products. The second factor explains more than 80 percent of the variance in the data regarding labelling. The loadings of items measuring product related factors in respect of packaging facilities are high with third factor. In sum from the eigen value of above one and item's high loading with each valid factors obtained from factor analysis of scale items measuring product related factors of SHG products namely "product variety", "labelling", "packaging", "Quality" and "product features". The scores for any one particular factor is obtained by averaging the scores of high loaded items with that factor.

As the opinion is obtained based on 5 – point scale ranging from 1 to 5 for 'strongly disagree' to 'strongly agree', the level of opinion of a group of respondents is considered to be in 'strongly disagree', 'disagree', 'neutral', 'agree' and 'strongly agree', if the mean perception score of the group is "< 1.50", "> = 1.50 and < 2.50", "> 2.50 and < 3.50", "> = 3.50 and < 4.50" and "> = 4.50" respectively. The status of the above five different product related factors of SHG products in analyzed by descriptive analysis such as mean, standard deviation (SD), based on the opinion of the whole sample. The one sample t – test is used to test the difference in observed mean and hypothetical mean of 3.50, the lower bound value for agree opinion in the 5 – point measurement scale. Table: 4. 4 shows the results of the descriptive analysis.

Product related factors

- The product related factors in the self help groups are basically spread out into five major facets, viz., "product variety", "package", "labelling", "product feature" and "quality".
- The self help group members perceived product related factors like "product variety", "package" and "quality" of the products are satisfactory but "labelling" and "product features" of the product are perceived as main problems.

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