

Impact of Peer groups pressure on underprivileged women's decision to join Self Help groups

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Abstract: *Women comprise almost half of the population of our country and they have been recognized as key driving forces of sustainable development. Providing equal opportunities to women is crucial for overall development of a country. The involvement of women in business and their position in the family as well as in the economic development and social change are essential. A large number of women work as marginal workers in our country. In order to make them a part of main stream, microfinance through Self Help Groups is an important instrument.*

Microfinance is a means of livelihood and a source of living to the underprivileged. Starting up small enterprises, creating their own identity, earning money, supporting their families and finally improving their standard of living is the basic aim and objective of poor women. They can achieve this by joining Self Help Groups (SHG). Self Help group helps women understand the importance of working in teams, access to funds for starting up small enterprises also becomes easier through SHG's. Apart from this it also inculcates saving habit in poor women. A lot of benefits are provided by SHG's to these poor women. It is important to know which source drives women to join SHG. The current study tries to understand the impact of peer group pressure on underprivileged women's decision to join SHG. Data has been collected from 524 Self Help group women. Two independent t test has been used to analyse it.

The paper concludes that Peer group's plays an important role in attracting women to join SHGs. Peer group pressure plays an important role for certain benefit factors i.e., providing financial and social support. Poor women are vulnerable and getting financial and social support is very important for them. They join SHGs for getting this kind of support. Peer groups play an important role in decision pertaining to joining SHG.

Keywords: *Microfinance, Self Help Groups, Below Poverty Line*

JEL: O1,O11,O18,I32

I. Introduction

Microfinance is a means of livelihood and a source of living to the underprivileged. In India, Microfinance is of an ancient origin. Conventionally, Money lenders, zamindaars (landlords), traders etc have provided micro credit to poor borrowers in rural areas at excessive rates of interest. However, in today's scenario, the entire concept of Microfinance has changed. It does not include any unfair, unreasonable practices or harassment to the poor. Rather, it is more about alleviating poverty, organizing the poor (esp., women) into groups called as Self Help Groups (SHG), providing credit facilities at subsidized rates etc.

Mukherjee, S., & Purkayastha, P. (2011), state that Self-Help Groups are the most modern modes for poverty eradication and women empowerment in India. Nevertheless, most of the self-help groups suffer from huge accumulated inventories. They normally prepare articles such as papads, pickles or jute-made handicraft products of best quality possible even with their insufficiency in finance and infrastructure. Related studies reveal that these groups clearly lack in terms of cost-effective production, managing the value-chain, diversification and value addition in the product lines, building up constant brand loyalty, strong chain of distribution outlets, strong cooperative effort and so on. Nevertheless, it needs no mention that there are several models like SEWA, AMUL or Lijjat which started at a micro level and ended up as good business models due to their superiority in all the above mentioned criteria. In-depth interviews with the self help groups of Howrah and Hooghly districts of West Bengal, India showed that the SHG members have certain ideas and preferences regarding arrangement of finance, brand positioning strategy, promotion and distribution efforts, production and technical aspects and of course, pricing. Based on their feedback on these aspects and the practice of some

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successful Self-Help Groups, this paper analyses the problems and suggests recommendations for small self-help groups to overcome the hurdles in the feasibility and execution of their schemes.

Poor women are becoming aware about the benefits of Microfinance through Self Help Groups. These poor women are striving hard to provide a better standard of living to their Children, making available proper education facilities, sanitation, satisfying day to day requirement. They are aware that sole earning members will not be able to achieve this goal and it is important for women to work hand in hand in order to earn for themselves and also support their families. Self Help Group

Huge numbers of poor women are becoming a part of SHG movement. SHG helps them commence income generating activities and make them confident, self sufficient and financially independent. SHG movement helps women to come out of their bondages, move out of their house and routine household work, start up businesses, develop skills.

Peer group plays an important role in attracting poor women to SHGs. Peer groups consists of other women belonging to the same strata of society. They have experienced similar issues (financial and social). Therefore, it is important to study the impact of peer group pressure on decision of poor women to join SHG and relation between peer group pressure and benefits of joining SHGs (Gadkari, R., Arekar, K., Ailawadi, S, 2013).

Insights from Literature

The concept of giving very small loans to the poorest of the poor to help them establish businesses first emerged some 30 years ago. Since then, "microfinance" programs around the world have exploded. And they have proven very successful and cost-effective. Repayment rates have increased, though it's not necessarily an indicator of successful economic development. The original mission of microfinance was to bring business thinking of new places and people. Microfinance organizations don't distinguish between the poor and the economically active poor; they distinguish between good risk and bad risk as a financial institution (Hemingway, M., 2004).

Poor people may save money while doing their day to day transactions. They save even while fulfilling their basic necessities. A lot of poor housewives attempt to save in this way, even if their earning family members fail to save anything from their income. That they sometimes succeed is shown by their habit of lending each other small amounts of money (as well as small amounts of rice or kerosene or salt). This 'reciprocal lending' is very common and makes up the bulk of financial transactions for many poor people and demonstrates the poor's capacity and willingness to save. (Sharma, M. L., Sharma, K. R., & Sharma, N. K., 2001).

Batiwala (1999) states that, uneducated and impoverished rural women are likely to be trustworthy and faithful to their businesses and also in terms of repayment of loans. With this belief, Microfinance institutions (MFIs) in Bangladesh have aimed at providing loans to poor women. Main objective of doing this was alleviating poverty, making women independent, helping them start up their own businesses and empowering them. Women have proved this belief to be true. Bangladesh claims to have 94% Women microcredit borrowers with a recovery rate of 98%. Since the inception of the Grameen Bank, it has been directing credit to poor women. It has also been proved from the literature that household consumption increases by 18% when lending to women compared to 11% when lending to men (S.R. Khandker, 1998). In this situation, it is important to study empowered women in microcredit programmes. Researchers in these fields have different views about the effects of microcredit programmes, their effect on poor women and whether it leads to financial and social empowerment of women. Many researchers feel that it has a positive Impact whereas others feel that the impact is negligible. Kabeer, N., (2001), is of the view that the Grameen Bank and Bangladesh Rural Advancement Committee (BRAC) have had significant amount of positive effects on development and empowerment of women. They have found that microcredit has certainly solved many issues including domestic violence and exploitation in Bangladesh. Women have become independent and are working hand to hand with men.

Self Help Group (SHG) is a village-based financial mediator which usually comprises of 10-15 women belonging to same locality, similar financial status. SHG inculcates saving habits among these poor women. Members save regularly over a few months until there is enough fund in the group to begin lending. These funds can be used by the group members to start up their own business and for income generation. In India, many SHGs are 'linked' to banks for the delivery of micro credit. SHGs are member-based microfinance intermediaries inspired by external technical support that lie between informal financial market actors like moneylenders, collectors and formal actors like microfinance institutions and banks on the other. In Orissa, the organization of self-help groups, especially for microfinance and micro enterprise development programmes

constitute a widely accepted development strategy for poverty reduction. This strategy is equally shared by government, commercial banks and civil society. SHGs have shown a limited effectiveness in terms of their impact on rural poverty and their long-term sustainability. The universal fascination with SHGs has also resulted in obscuring the potential roles of alternative institutions like co-operatives, private sectors, etc. in poverty removal. The possessiveness of some of the implementers has resulted in the development of SHGs as standalone organizations without having any meaningful interaction with other schemes or community based organizations. As a result of this, the SHG members have not been able to access substantial development funds, which could otherwise have been available to them. This article advocates that for SHGs to have a marked and sustained impact on poverty, it is necessary for them to adopt a more encompassing approach with various community-based organizations & programmes by laying far greater focus on processes, capacity building, convergence with various on-going programmes, etc (Tripathy, U., & Padhi, P.,2011).

Dasgupta, R., (2005), in his paper on informal journey through Self Help Groups observed that micro-financing through informal group approach has effected quite a few benefits viz.: (i) savings generated by the poor; (ii) access to the required amount of credit by the poor; (iii) harmonizing the demand and supply of credit structure and opening new market for Financial Institutions (FIs) ; (iv) decrease in transaction cost for both lenders and borrowers; (v) remarkable improvement in recovery; (vi) bringing in a new realization of subsidies and corruption-less credit and (vii) remarkable empowerment of poor women. He stressed that SHGs should be considered as one of the best means to counter social and financial citizenship, not as an end in itself.

Objective of study:

Peer groups are people who belong to the same strata of society. Some of them are already a part of Self Help group (SHG). They know the benefits of joining the SHG. Some of them have already experienced the benefits financially or socially. It is therefore important to know whether peer group pressure plays a role in attracting women to SHGs. The current paper tries to study the relationship between peer group pressure with benefit factors (Benefits of Joining SHG's). This will help to know for which benefit factors, peer group plays a major role.

II. Research Methodology

Information about the existing SHGs was obtained from various sources such as NABARD reports, Annual SHG product exhibition named as 'urban haath' organized by Konkan Bhavan, Thane Municipal Corporation (TMC), etc. Sample of 524 SHGs women was taken out of the total SHG available. Cluster Sampling Method was used. Questionnaire Design:

The questionnaire had two components: Demographic information(including Personal Information) and SHG information (Benefit factors and Entrepreneurial qualities).

For this study, Benefit factors refer to the benefit that the women get after joining SHG. These factors include (i) SHG provide financial and social support (p_f_and_s_s) ,(ii) SHG can be helpful for Building self respect(building_self_respect), (iii) After joining SHG, saving money and generating income is possible(after_generating_money), (iv)SHG is helpful for Asset building (asset building), (v) Women in group trust each other in financial aspects (trust respect), (vi) SHG helps women in coming together and sharing their joys and sorrows (discuss joys), (vii) SHG makes them feel empowered (feel empowered), (viii) SHG helps them understand the importance of working together and benefits of team work. (imp_working_together),(ix) They know that women also have to earn along with men in the family to have a better standard of living(earn_with_men) (x) Family members support women to join SHG (f_member_support)

Out of the two variables used for this study, one is on likert scale and one is on Nominal scale. Therefore, two independent t test has been used to Analyse the data.

Hypothesis:

H_0 : There is no significance difference between peer group pressure to join SHG and the benefit factors to join SHG. ($H_0 : \mu_1 = \mu_2$)

H_1 : There is a significance difference between peer group pressure to join SHG and the benefit factors to join SHG. ($H_1 : \mu_1 \neq \mu_2$)

The objective of this hypothesis is to study the relationship between peer group pressure with benefit factors.

Data Analysis:

Before conducting the two independent t tests, we have to check whether the variances are equal or not. For that we will use Levene’s test for equality of variance.

Levene’s Test for equality of Variance between peer group pressure and benefit factors:

H_0 : Variances are not equal for all the factors. ($H_0 : \sigma_1^2 = \sigma_2^2$)

H_1 : Variances are equal for all the factors. ($H_1 : \sigma_1^2 \neq \sigma_2^2$)

Table 5.40 Levene’s Test for equality of variance between peer group pressure and benefit factors

Factors	Significance Value	Decision
p_f_and_s_s	.000	P < sig. value (0.025); Reject Null Hypothesis
building_self_respect	.000	P < sig. value (0.025); Reject Null Hypothesis
after_generating_money	.000	P < sig. value (0.025); Reject Null Hypothesis
asset building	.000	P < sig. value (0.025); Reject Null Hypothesis
trust respect	.000	P < sig. value (0.025); Reject Null Hypothesis
discuss joys	.000	P < sig. value (0.025); Reject Null Hypothesis
feel empowered	.000	P < sig. value (0.025); Reject Null Hypothesis
imp_working_together	.000	P < sig. value (0.025); Reject Null Hypothesis
earn_with_men	.000	P < sig. value (0.025); Reject Null Hypothesis
f_member_support	.000	P < sig. value (0.025); Reject Null Hypothesis

From the above table, it is observed that for all the factors we assume that the variances are equal. For further study, we apply two independent t-test.

Two Independent t- test Statistics:

H_0 : There is no significance difference between peer group pressure to join SHG and the benefit factors to join SHG. ($H_0 : \mu_1 = \mu_2$)

H_1 : There is a significance difference between peer group pressure to join SHG and the benefit factors to join SHG. ($H_1 : \mu_1 \neq \mu_2$)

Table 5.41 Two Independent t-test Statistics peer group pressure to join SHG and the benefit factors to join SHG

Factors	Significance Value	Decision
p_f_and_s_s	.000	P < sig. value (0.025); Reject Null Hypothesis
building_self_respect	.000	P < sig. value (0.025); Reject Null Hypothesis
after_generating_money	.000	P < sig. value (0.025); Reject Null Hypothesis
asset building	.000	P < sig. value (0.025); Reject Null Hypothesis
trust respect	.000	P < sig. value (0.025); Reject Null Hypothesis
discuss joys	.000	P < sig. value (0.025); Reject Null Hypothesis
feel empowered	.000	P < sig. value (0.025); Reject Null Hypothesis
imp_working_together	.000	P < sig. value (0.025); Reject Null Hypothesis
earn_with_men	.000	P < sig. value (0.025); Reject Null Hypothesis
f_member_support	.000	P < sig. value (0.025); Reject Null Hypothesis

It is observed from the above table, that there is a significant difference between ‘peer group pressure to join SHG’ and the benefit factors to join SHG, so further we have to find out ,in which group it is more or less.

Group Statistics

Table 5.42 Group Statistics peer group pressure to join SHG and the benefit factors to join SHG

Factors	peer group pressure to join	Mean
p_f_and_s_s	yes	7.0000
	no	3.8004
building_self_respect	yes	2.0000
	no	4.1660
after_generating_money	yes	6.0000
	no	4.0395

asset building	yes	4.0000
	no	3.4822
trust respect	yes	3.0000
	no	4.2174
discuss joys	yes	3.0000
	no	3.9585
feel empowered	yes	7.0000
	no	3.8004
imp_working_together	yes	2.0000
	no	4.1660
earn_with_men	yes	6.0000
	no	4.0395
f_member_support	yes	4.0000
	no	3.4822

III. Findings and Conclusion:

Poor people value relations more. Peer groups are important part of their lives. It plays an important role in attracting women to join SHGs. Peer group pressure plays an important role for certain benefit factors like whether Self Help Group provides financial and Social support, whether Women in group trust each other in respect of money, whether it helps in asset building, whether it helps in earning hand in hand with men, whether family members support in joining SHG, whether women feel empowered after joining SHG. Whereas for other benefit factors, they do not play a major role. It can be concluded that Peer groups highlight the most important benefit of SHG i.e., providing financial and social support. Poor women are vulnerable and getting financial and social support is very important for them. They join SHGs for getting this kind of support. Peer groups play an important role in decision pertaining to joining SHG.

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