

## **CHAPTER-VI**

### **FINDINGS, CONCLUSION AND SUGGESTIONS**

This chapter answers our research questions. It does so based on the previous analysis and hypotheses testing by comparing the findings to results from similar recent studies to test their generalizability for some fundamental observations. The distinctions between the various factors, as well as between the answers to the research questions are both analytical and statistical. Accordingly, an attempt is made in this chapter to presents the findings, answers the research questions and draw conclusion with ameliorative measures with the hope that the analytical framework, the empirical analysis and discussion will inspire future researchers to refine, challenge and go beyond the conclusions of this study.

#### **6.1 FINDINGS OF THE STUDY**

The study has following findings which are discussed below:

A. The initiative of developing entrepreneurship among rural women in north-eastern states are gaining momentum with the increasing support of financing, training and marketing through the associated modality of debt relief and subsidy by way of organizing them into self-help groups under SGSY program. It appears that though the duration of the economic activity of the groups are not impressive but the pattern, volume and extent of formation of the WSHGs are on increasing trend over the years and specially since 2005-06 onwards. Descriptive analysis of secondary data clearly revealed that with the advancement of time alignment of the formation in percentage form are shifted toward the women groups. The noticeable fact is that more than 50 percent groups are formed by women every year during the study period which shows their willingness, self-confidence and urge towards getting involved in entrepreneurial world and to generate certain income. The findings clearly revealed that during the study period the number of formation and the range of economic activities are undertaken by the WSHGs have risen more than six fold by achieving the necessitate guidelines and cleared both

grade I and II. This indicates that their participation and activeness in the income generating activities are encouraging and they are quite responsive.

Analysis of data clearly indicates that a record number of women groups are imparted formal and skill training under SGSY programme in north-eastern states during the study period. Nurturing their entrepreneurial talent through proper training and guidance at the very outset of an entrepreneurial venture gives them an opportunity to prove themselves in the society and exhibits superior results. Available data indicates that even though deviation lies to achieve the target level but still it's encouraging, where the growth process has already started, which in turn exhibits positive impact on participation and awareness. During the study period it is found that as an added financial supports in the form of subsidy the groups under SGSY programme in north-eastern states, are showing impressive results with numerous micro level income generating activities mainly based on their traditional skill and knowledge like handicrafts, handlooms, artwork, tailoring, bamboo works, agricultural and horticultural products. It gives them a means to generate income, make themselves independent and boost up their entrepreneurial talent.

The study compared the mean rank differences in performance scores between the recipients of enabling frontline service facilities WSHGs and WSHGs those who overlooked or untapped such facilities in the course of operating their group activities in the rural area. Performance scores measures are designed to include five important factors namely, increase in savings, regular loan repayment practices, regular distribution of business income, increase in sales value, and appropriate risk-return trade off practices. In the between group design, as the performance score of the groups are not related, the grouping variables are identified on the basis of criteria namely those who are the recipients of subsidy and loan facilities and those who are lacking of such facilities with their levels independently for each grouping variable. The results of Mann-Whitney test shows the mean rank for each group, the number of cases in them, and the Z statistics and its significance level, for each grouping variables separately. As the Z statistic is significant i.e. lesser than 0.05, for all the grouping variables namely subsidy and loan,

there is significant differences observed in performance scores between the recipients of enabling frontline service facilities, (mainly in the area of subsidy and loan facilities) WSHGs and the WSHGs who overlooked and unexploited such facilities in the course of operating their group activities in the rural area. Since the significant values for all the grouping variables are lower than the reference alpha level, so statistical nullification provide evidence in support of the specified alternative hypothesis and hence reject the first null hypothesis and conclude that the average performance scores are significantly different between the WSHGs those who are the recipients of enabling frontline service facilities and those who overlooked and untapped such facilities in the course of operating their group activities in the rural area.

**B.** To maintain the quality of data could match business and economic significance with materiality, statistical adequacy with representational faithfulness, timing with consistency and conformity with correctness by adhering with split-half method with multiple source as well as time variation. Responsiveness criteria are operationalized by using members' perceived and attitudinal responses to the particular aspects on seven point incremental scale. All 18 items are evaluated on a 7-point never/strongly disagree to always/strongly agree Likert-type scale and are later converted to a 1-7 numerical score. The data reflect any recoding that was needed to accommodate reverse-worded items so that the scoring of all the items is oriented toward higher level of selected items. Because the construct is well understood and because of the sufficient care is given for development of items, so it can safely be expected that the scale exhibits a high level of reliability in the data set. The reliability statistics depicts the small answers that were seeking at the outset of the analysis. Because these items are not in standardized form, first figure on the Cronbach's Alpha wherein it is found that the coefficient has a value of 0.743. For 18-item scale, this would be considered to reflect good reliability. It consists of estimates of how much variation in scores of different variables is attributable to chance or random errors (Selltiz, 1976). As a general rule, a coefficient greater than or equal to 0.5 is considered acceptable and a good indication of construct reliability (Nunally, 1978) (George, 2003). The Cronbach's Alpha for all the identified items ranges 0.82 or higher for 16-item scale reflecting good reliability. The features in the correlation

matrix for all the aspects are neither too small to yield much common variance nor too large to indicate duplication of item and there are no negative correlations highlighting that all are oriented in same direction to measure performance with an average coefficient alpha of approximately of 0.93 representing what expected from the scaled items. The item-total statistics is used primarily for diagnostics to determine the contribution of each item mostly by showing the consequences of deleting the item from the set. It shows that the scale mean of the item relating to finance-5 and marketing-5 in each case if deleted gives better results, hence, these two aspects are retained as conditional interim item subject to further scrutiny through factor analysis. The average scores of inter-item correlation statistics are in the high quality scale assessing construct recommended by (Watson & Clark, 1995), the scores of which are 0.321 or higher for all the items within the group depicting the exceeded threshold criteria (0.20), again suggesting a scale of high reliability.

Further, for assessing source consistency relied on a panel of two respondents to avoid the risk of obtaining idiosyncratic evaluation and put our faith on their judgments to the extent that they exhibit an acceptable level of consistency in their assessments and it is found that all the between items F values are statistically significant (not between people because it signifies individual differences). Assessed within the people between the item effect that generally represents the within-subjects treatment effect (considered two-way random effect with absolute agreement for more conservative approach) to address the differences among the respondents. The reliability analysis of source consistency for all the items clearly depicts that the values are within the range of 0.70 or more for all the items for intra-class correlation coefficient of single measures underlining more than the acceptable value {0.70 or more may be considered acceptable to good as suggested by (Krippendorff, 2004) for all the items. Therefore conclude that all measurement operations ultimately served the goal of achieving validity through internal consistency and source reliability allowing to draw appropriate inferences from our operationalized data and to measure our construct in a manner that is relatively free of any measurement error.

C. Though the study have some informal expectations about the nature of the dimensional structure that will emerge out from data analysis but using principal components and factor analysis as an inductive or bottom-up perspective will help in deciding the number of factors to be selected for the issue through a robust supporting and viable interpretation of the dimensions. The study expect that the identified eighteen items measuring four different areas namely training, marketing, financing and managerial to form four factors, then could assess the degree to which they did so by comparing the results of our analysis. Instead, interpretation of the components resulting from the analysis is focused on the rotated factor structure. The reliability of the factors emerging from a factor analysis depends on the size of the sample, although there is no consensus on what the size should be. There is agreement, however, that there should be more subjects than variables. It is proposed that an absolute minimum of five subjects per variable and not less than 100 individuals per analysis (Gorsuch, 1983). As the main purpose of this study is to find out what factors underlie a group of variables, it is essential that the sample should sufficiently large to enable this to be done reliably. The study has all the three hundred cases. With the Kaiser-Meyer-Olkin Measure of Sampling Adequacy exceeding 0.809 and Bartlett's Test of Sphericity being statistically significant, the study have confidence of the appropriateness of the analysis. The findings are almost in line with the findings of the micro and small enterprises operating in Kenya (Lucy, 2011).

Based on the outcome, interpret the factors as follows: factor-1 is associated with managerial competencies. Items such as planning and accounting soundness, adjustment and adaptive capability, coordination and support activity, resource allocation control and utilization practices. The second factor include issues relating to marketing such as advertisement and sales promotions, competition, access to forward and backward linkages, transport and communication and available premises. The third factor is indicated by values of financial issue such as optimum operating level of fund maintenance, judicious mix of risk and return, availability of fund sources, control aspect of fund management, and efficient utilization of fund. The fourth factor is relating to training aspect and it includes such as training results and utility outcome criteria,

willingness or need feelings about the training, skill or task characteristics learned and trained, the opportunity and match between the imparted training on actual work performance. The performance of these groups is mostly predictable by savings to income and loan repayment capability. As it appears the identified four factors can totally explain 69.04 of the variations of the dependent variable, performance. Finally, the strength of a self-help group's economic activity depends, in part, upon its ability to mobilize available material resources, manual and managerial resource not only in gaining market share and undergoing training but also in increasing decision making competency. Therefore, reject the second null hypothesis and conclude that the performance factors are identifiable and there are influential factors which have significant association with the performance rate.

**D.** Further, analysis is carried out with all the outcome factors along with the detailed assessment of the direct and indirect influence of the highest scoring first factor namely managerial factor to decide the issues: (i) the business facilities significantly predict business performance in isolation, (ii) business facilities significantly predict managerial competency in isolation and (iii) managerial competency significantly predict business success in the mediation model. On analysis it is found that all the three conditions are satisfied, hence proceeded further to test the hypothesis whether the relationship between the business performance and enabling factors with mediating managerial factor and to evaluate this carried out a total of three regression analyses: first, used the independent variable business facility to directly predict the mediator variable managerial competency. Secondly, the study used the independent variable business facility and managerial competency to predict the outcome variable of business performance. Finally, the research created the unmediated model with business facility predicting the outcome variable business success in isolation. To test the statistical significance of the indirect effect and to determine the relative strength of the mediated effect of business facility acting through the managerial competency to affect business performance, obtained the standardized (beta) and unstandardized (raw score) regression coefficients as well as the SEs associated with the unstandardized regression coefficients and verified the results by performing the Aroian Test (Aroian, 1947). The study found a statistically significant

amount of prediction; the unstandardized regression coefficient for business facility is 0.884 with an SE of 0.053 and the standardized beta coefficient is 0.767.

Similarly, considering the business facility as independent variable and managerial competency as outcome variable set up the analysis and the results of the analysis are the unstandardized regression coefficient for business facility is 0.576 with an SE of 0.114 and the standardized beta coefficient is 0.342 which indicates that the independent variable business enabling factor is a statistically significant predictor of managerial competency. To end with, the study set up the analysis in the same way by considering the business facility and managerial competency both as independent variable and business success as outcome variable and the results of the analysis are the unstandardized regression coefficients for business facility are 0.663 and 0.383 with the SEs of 0.032 and 0.019 and the standardized beta coefficients are 0.575 and 0.560 which indicates that the independent variables business enabling factor and managerial competency factor both are statistically significant predictor of business performance.

The primary issue is to determine if the hypothesized mediator managerial competency affected the direct relationship between the independent and outcome variables. Visual examination of the results gives a clue that the unstandardized path coefficient from business enabling factor to business success factor in the unmediated model is 0.884 and is reduced to 0.663 in the mediated model and the corresponding standardized coefficients are 0.575 and 0.767. Because both these coefficients are statistically significant, and because visual inspection informs that path coefficient is lower in the mediated model, so the study can legitimately infer that it observed a partial mediation effect. Then the study used a series of steps to statistically test the conjecture.

One key facet of evaluating statistical significance in the mediation model concerns the indirect effect of business enabling factor through managerial competency on business success. Probably, the most widely known and most frequently used approach to address statistical significance of the indirect effect is the Sobel Test (Sobel, 1986) and its variants, the Aroian Test (Aroian, 1947) and the Goodman Test (Goodman, 1960). Partly because the sampling distribution of the indirect effect tends to be



somewhat skewed rather than meeting the assumption that it is normal, causing the tests to lose some statistical power, these tests have received some criticism in the professional community (Preacher, 2008)(Hayes A. , 2009). Nonetheless, these tests are reported extensively in the research literature and decided to apply one of the members of this family, the Aroian Test because it is the variation of the Sobel family of tests popularized by (Baron, 1986).

The letters represent the unstandardized regression coefficients associated with the paths shown in Figure-1, and the SE values of the unstandardized regression weights are shown, with the subscripts indicating the reference coefficient. The outcome of the equation is a  $z$  value with an alpha level of 0.05 indicated by a value of 1.96 or better. Our result shows a value of approximately  $z = 4.95195$  with a hand calculator, which is sufficient to reject the null hypothesis that the coefficients are not significantly different and that the mediated path coefficient is significantly lower than the unmediated path coefficient, indicating that obtained a partial mediation effect. As the calculated value is higher so the indirect path is not different from zero, instead, conclude that the indirect effect of facilitating factor (BF) through management factor (MF) on business performance (BP) is statistically significant. More precisely, the statistical significance findings strongly supports and convinces to reject the third null hypothesis finally and to accept the alternative hypothesis and conclude that a higher level of management factor is significantly related to a greater business performance of WSHGs and that the effect of facilitating factor is mediated by managerial factor. Finally, as the findings clearly presented with adequate descriptive and inferential indicators the level of generalizations are appropriately justified by way of the sample and research design.

## **6.2 CONCLUSION OF THE STUDY**

Based on the analysis and findings, the study concluded that Self Help Group under SGSY program has made a remarkable gain in terms of budding entrepreneurship among rural in north eastern region with special focus to Tripura. It gives an opportunity to channelize their latent ability and skills into numerous micro level income generating activities. The study explore that rural women entrepreneurs of the region engaged in



different traditional based activities like agriculture, handloom, handicraft, embroidery, and weaving etc with their small amount of investment and locally available resources. With time they are spreading their wings to nontraditional sector like beauty parlour, candle making, incense stick making, mushroom cultivation etc. Group approach improves their saving habits and promotes financial autonomy. (Dhal, 2008) The author cites that through group approach, small loans can be made available to the poor, creates saving habits and minimise the transaction cost where women are found to be the greatest beneficiaries which is also supported by Prof. Yunus, in this context he viewed that, availing loan to the women brings more benefits to the family. However the present study explores the activeness of rural women in terms of coming forward, forming groups and initiating entrepreneurial activities. Although it is very impressive that financial supports on the part of government encourages the groups to undertake entrepreneurial activities under the programme in north-eastern states. At the same time government assistance of marketing, training and improving managerial skill also act as supporting means for their long run survival. It provides ample opportunity to channelize their hidden talent and skills into micro level businesses. (Saha & Roy, 2012), The authors cite that Government plays effective role in terms of micro financing through the practise of self help groups in developing rural entrepreneurship in north eastern region. To reach the desired level of success active support on the part of Govt. and strong aspiration to move upward among the rural's can ensure 3Es i.e. entrepreneurship, empowerment and economic development. It will also promote inclusive growth as well.

Different programmes are arranged in different period of time to assist the women groups to take the advantage of the credit to take up microenterprises. Women SHGs should be financially integrated with mainstream of rural credit to become self sufficient, so that their entrepreneurial ventures can continue for long period of time. In nutshell, the pre-requisite for successful microenterprise development programme should include extensive capacity building and institutional strengthening of the women SHGs in all aspects of micro enterprises, extensive reorientation and training programmes in participatory methods to ensure an integrated approach. (Rajan, 2015) It was seen that both internal finance and institutional finance had a positive impact on profitability,

return on assets and return turnover. However, the impact of internal finance was higher in case of return on assets and profitability. The impact of institutional finance is higher in case of asset turnover, which showed that firms with institutional credit were significantly more effective in generating more revenue for a given investment in assets, though they might not very profitable. The analysis on export performance shows the presence of a positive relationship between exports and institutional funding and concluded that availing bank or institutional credit is benefiting the SME firm in some way to achieve better export performance and that is reason for the positive relationship.

Micro finance as a strategy helps in attaining the Millennium Development Goals and in building global financial systems that meet needs of the people especially women's of rural areas. (Mohan, 2012) The author observed that Microfinance can contribute to solving the problems of inadequate financing issues but the challenge lies in finding the level of flexibility in credit requirements of the rural low income borrowers without imposing unbearably high cost of it, at the same time the author also viewed that making credit available to the rural women does not mean that they have control over its uses and over any income they might generate from microenterprises until and unless assistance and effort put together to make a significant contribution. Adequate training & awareness programme, marketing amenities makes significant contribution towards entrepreneurship. (Sinha & Singh, 2010), The authors viewed that entrepreneurial talent and capabilities are dormant in all communities but their translation to innovative action depends on suitable stimuli and environment, where training is one predominant way through which these stimuli can be aroused in era of LPG and IT revolution. However government and development agencies initiates' different training and skill development programme in order to motivate the rural women to start their own venture and to run it successfully. (Roy & Saha, 2012) Microfinance coordinates rural women in entrepreneurial world. The success of the mission largely depends on creating awareness among members regarding participating in training and skill development programmes. Development of friendly attitude on the part of trainers, proper guidance and nourishment during requirement and continuous boosting up their morals are some of the recommendations drawn by the authors to bring the fruitful results. The authors also gave

emphasis on undertaking feasible economic activities for generating income and employment in the rural context.

Microfinance based SHGs are the basic units. The sustainability of the system largely depends upon their stability and performance. Besides, the linkage of the SHGs with the banks, it promotes the banking knowledge among thousands of rural women's which could be a positive indicator towards the development. (Charantimath, 2009) It needs to mention that SHGs involvement in self employment activities certainly contributes to group entrepreneurship at the grassroots level. Group entrepreneurship offers an opportunity for instilling basic managerial skills with leadership qualities and values amongst the rural poor paces them forward. It would not only help the poor but the society as a whole. Hence, group entrepreneurship through SHGs is an investment in the poor and an engine of development and an idea, which could be given a serious thought in future. Although deviation lies to reach the standard level but adequate credit, proper delivery mechanism, appropriate repayment system, viable market, required training and most importantly required managerial skill will drag them towards entrepreneurship.

### **6.3 SUGGESTIONS FOR THE STUDY**

Based on the findings and conclusion the study has following remedial suggestions:

- 1) Although microfinance promotes rural entrepreneurship in different parts of the country covering north eastern regions, which is an indicator of development. However, the study concluded with findings that deviation still lies between the standard and actual level. So to meet the deviation and to achieve the target level of success, it should be suggested that first of all the groups should be formed based on need rather than target. Sometimes the DRDAs have become more target driven rather than need driven. So target based group formation tendency needs to be avoided and effective & efficient controlling and monitoring system need to be administered in the group approach system.
- 2) Secondly, based on the study it is suggested that if the members of a group should be of same area it would be easy for them to communicate. At the same time animators

need to take active role in guiding and encouraging the group members. Imparting education and improving communication skills which will lead to raise their bargaining power in the urban market. Although there is no specific educational qualification has been prescribed by Government for participating in SHG under SGSY. But possession of education helps in understanding and acquiring necessary skills required for smooth functioning of different entrepreneurial activities. Further education gives self-confidence to the members of SHG in terms of managing the affairs of the group. More active cooperation on the part of DRDAs, Blocks and Panchayats are also recommended for active supervision, nurturing, removing weakness, meeting timely requirements which will ensures efficient functioning of the Groups and reduce the defaulter rates.

3) Thirdly with regard to managerial aspect which is most crucial and vital facet. Managerial skill is an innate skill which all human being possess but proper nourishment and training based managerial competency is emphasized to attain sustainable competitive advantage. Proper managerial function requires tactful handling of all the functions of management (PODSCORB suggested by Luther Gullick) for integrating ideas, available men and material resources for proper execution of different activities in a specific time frame. And success will depend on their capability to manage the unavoidable constraints. The study explored that somewhere in group entrepreneurship it is the missing link of today and can be strategy for tomorrow.

4) Given emphasis on training the study explores that training can give best result only when it addresses to the root cause of the problem. The study suggests that there should be periodical training programmes need to be conducted and given as per requirement of the group members to develop their required skills at different phases of lifespan of the group. Else in general development programmes in name of training looses the interest of the recipients and resulted ineffectiveness and poor performances.

5) In the context of marketing the study found that, the rural people usually have limited access to the urban markets, also fails to understand the real market scenario i.e the market demand. They also suffer from unknown fears of approaching urban markets. So it can be suggested that there should be necessary action on the part of government to

make the group participative in different national and international fairs and exhibitions on regular bases. Also it is recommended that periodical programmes need to be organized in order to update them with latest market relating information's. The groups initially require proper guidance and amenities for channelizing their products from rural to urban areas. This upward push may take the rural entrepreneurs towards big entrepreneurs.

6) Based on the study suggestion can be drawn, although microfinance ensures easy access of financial services and micro credit lending to rural women entrepreneurs. At the same time better banking coverage in rural areas is recommended to boost up the rural entrepreneurship. Government should extend its helping hand by arranging different programmes for improving financial literacy of the group members which will be useful for their understanding and dealing with financial transactions and issues. Based on group ability and need, feasible entrepreneurial activity can be suggested which help them to survive in the long run, also will reduce defaulter rate.

#### **6.4 FURTHER SCOPE OF THE STUDY:**

1) A comparative study can be done based on gender relating to group entrepreneurship through microfinance in rural context.

2) A study can be done to make an in-between comparison of performances of different programmes or schemes of Government for promoting financial independency of rural.

3) A comparative study can also be done between Government and Non government microfinance approach to assess the success rate.

4) A study can be done on factors creates hindrance in the pathway of SHG success in rural context.

5) A comparative study can be done on performance of SHGs of North Eastern States with other states of the country.