Sustainability and Strategies by Women Self Help Groups, India

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ABSTRACT

Self-help groups (SHGs) play a major role in poverty alleviation and entrepreneurship development in India today. A growing number of poor people, mostly women, in various parts of India are members of SHGs and are actively engaged in savings and credit. The focus of each group is on empowerment, encouragement, motivation and evaluation—tools aimed at improving the status of women in every community. SHGs are interested in moulding leadership skills and teamwork, while demonstrating the advantages of economic empowerment. The development of the women entrepreneurial skills gained its importance in India after the declaration of the International Decade of Women by the United Nations Organization, i.e. from 1975 to 1985. The hidden entrepreneurial potentials of women have gradually started evolving with the growth sensitivity towards their role and economic status in the society. This paper explores the sustainability and strategies used by SHG in Coimbatore. The paper also explores the perception of the leaders of Self Help Groups, marketing strategies adopted by their group, the effectiveness of the product, pricing, distribution and promotional strategies adopted by their groups.

Key words: Empowerment, Entrepreneurship, Leadership, Marketing strategies, Self help groups, Sustainability,

1. INTRODUCTION

The very purpose of enterprise is to produce what the customer will buy. Hence, marketing plays an important role in determining the success and survival of any industry. All industries, whether small or large, face problems in marketing their products or services. But, enterprises run by SHGs are more plagued by the marketing problems. SHGs’ marketing efforts simply do not attract enough attention of their best customers. Basically, SHGs are running out of ideas to set the target market for their products as well as find proper marketing strategies also. Marketing is a strategic tool for business development. It is crucial and vital for the growth and survival of any firm, nature and level of business, and SHGs are in no way an exception to this. Success in marketing requires commitment, careful research of target markets, tailoring the product or line suitability to meet local needs, optimizing modes of market entry, skilled use of promotional and pricing strategies, long-term nurturing, and cultural sensitivity that transcends ethno-centric misperceptions.

2. STATEMENT OF THE PROBLEM

Marketing of products and services of Self Help Groups requires different strategies because of its unique nature. Basically, the business is run by women and moreover it is small in size. The strategies practiced in corporate sector looks unsuitable to these Groups. Market competition has become more intensified due to the introduction of a variety of products posing a serious threat to the survival of women SHGs. Their inexperience in marketing, poor educational background and lack of exposure are the major constraints. Locational disadvantages add to their weak background and they are not having accessibility to get enough orders and market exposure; they do not know how to market their
products. Establishing shops and show-rooms is a costly affair. Due to social commitment they are unable to move freely to distant places to mobilize resources or establish markets. All these constraints stated above significantly affect the formulation and implementation of effective marketing strategies by the Self Help Groups. Inspite of these constraints, the concept of SHG is gaining importance in the recent years as it has been considered an effective tool for up liftment of economically and socially weaker sections of the society. The trends in the growth in the number of groups reveal that this concept would have a wider reach in the future also. During the year 2008, 43,38,463 groups are functioning in India. Out of which 4, 12,104 (9.50%) groups are functioning in Tamil Nadu and 25,545(6.12%) groups are functioning in Coimbatore District. Coimbatore District has a conducive climate for the existence of many industries and hence here lies a vast opportunity for the functioning of Self Help Groups also. Hence, the present study is a fact finding exercise to know the answer to the following questions:

a. What is the perception of the leaders of Self Help Groups on the effectiveness of the marketing strategies adopted by their groups?
b. What is the perception of the leaders of Self Help Groups on the effectiveness of the product, pricing, distribution and promotional strategies adopted by their groups?

3. OBJECTIVES

The present study has the following objectives:

a. To present a theoretical framework of the origin, growth and progress of self-help groups.
b. To assess the perception of the leaders of Self Help Groups on the effectiveness of the marketing strategies adopted by them.
c. To identify the factors that influences the perception of the leaders on the various components of the marketing strategies adopted by their groups.
d. To offer suggestions to formulate and implement more appropriate marketing strategies by the Self Help Groups.

3.1 HYPOTHESES

Hypotheses have been formulated in tune with the second and third objectives of the study that various independent variables relating to the sample leaders such as Locational Area of the groups, Years of Existence of the groups, Experience as Group Leader, Literacy Level of the Leaders, Average Monthly Income of the group, Sources of Awareness about the SHG Concept, Sources of Loan Availed by the groups, Nature of Business carried out by the groups, Nature of Activity of the groups, Sources of Product Idea for the groups, Varieties of Product offered for sale by the groups, Method of Pricing adopted by the groups, Mode of Distribution adopted by the groups and Method of Promotion adopted by the groups to promote their products do not influence the following dependent variables:

a. The perception of the leaders on the effectiveness of the marketing strategies adopted by their groups.
b. The perception of the leaders on the effectiveness of the product strategies adopted by their groups.
c. The perception of the leaders on the effectiveness of the pricing strategies adopted by their groups.
d. The perception of the leaders on the effectiveness of the distribution strategies adopted by their groups.
e. The perception of the leaders on the effectiveness of the promotional strategies adopted by their groups.

4. METHODOLOGY

The study is empirical in nature and based on survey method. The whole data required for the present study were collected in three stages. The primary data relating to the perception of the respondents on the effectiveness of the marketing strategies adopted by them and their perception on effectiveness of
various components of their marketing strategies were collected by interviewing the selected sample respondents with the help of an Interview Schedule. The secondary, data relating to the study, like the conceptual framework of the concept, origin and growth of the Self-Help Groups were obtained from various published and unpublished records. Lastly, the researcher held discussions with the officials of Magalir Thittam (A Scheme implemented by the Government of Tamil Nadu for the development of women), various Non-Government Organizations and banks in Coimbatore District. These discussions were helpful to the researcher in identifying the problems of the study.

4.1 CONSTRUCTION OF TOOLS AND PILOT STUDY

The researcher constructed the tools for collecting the primary data required for the study. In order to find out the variables for the study, the researcher held informal interviews with the fifty leaders of various Self-Help Groups, various Non-Governmental Organizations functioning in this district and the officials of Mahalir Thittam in Coimbatore District.

4.2 RESEARCH METHODOLOGY

In Coimbatore District, 25,545 groups are functioning. By eliminating the groups, the population of the study remained as 7400 groups and hence the researcher has selected ten percent as the sample size for the present study. The seven hundred and forty groups have been selected by the researcher by simple random sampling method, by employing the lottery method. Thus, on the whole, 140 sample leaders were selected for the study. The field work for the present study was conducted by the researcher during the period between July 2013 and December 2013. The researcher conducted personal interviews with the respondents of the study and it was the major tool for data collection. For obtaining the necessary data required for the study from the selected respondents, an Interview Schedule was used during the interviews. Proper rapport was established by the researcher before the conduct of the interview with the selected sample respondents. The data were recorded by the researcher in the interview schedule. In order to ensure the accuracy, consistency and completeness of the data collected during the interview, the completed schedules were thoroughly checked. On an average, each interview took about 30 minutes. The data thus collected were properly categorized and posted in the master table for further processing.

4.3 RELIABILITY TEST FOR THE INTERVIEW SCHEDULE

The components which were considered for scaling accounted for one hundred and fifty six numbers. The data collected through the interview schedule from 140 leaders of SHGs were considered for reliability analysis. The components which were included in the scale were divided into five parts, each part containing seventy five items selected randomly. The correlation between the two parts was found to be 0.943 and it reveals that the components between the two parts correlate well. Cronbach’s Co-efficient Alpha uses variance for individual components and the variance for the sum of all the components. The reliability of Cronbach’s Alpha revealed that the reliability of scales constructed for the purpose of assessing the Perception of the Leaders of the Self-Help Groups on the Effectiveness of the Marketing Strategies adopted by their groups in Coimbatore is 0.943 and it indicates that the scales constructed for this purpose are fairly reliable.

4.4 QUANTIFICATION AND MEASUREMENT OF VARIABLES AND CONSTRUCTION OF SCALES

The researcher has formulated various scales such as ‘Overall Marketing Strategies Perception Scale’, ‘Product Strategies Perception Scale’, ‘Pricing Strategies Perception Scale’, ‘Distribution Strategies Perception Scale’ and ‘Promotional Strategies Perception Scale’. These scales have been constructed
based on the scores for various components which were identified by the researcher for determining the perception of the respondents on the effectiveness of various strategies adopted by their groups.

4.5 FRAMEWORK OF ANALYSIS

The general plan of analysis for the present study ranged from simple descriptive statistics, bivariate tests, testing of hypotheses to multivariate techniques. The extent of variation in the perception of the leaders of the Self Help Groups on the effectiveness of the marketing strategies adopted by them and their perception on the effectiveness of the components of their marketing strategies have been analysed by the researcher. The mean and range scores of each group of the respondents on the various components were calculated. In order to find out the significance of the differences between the mean scores, Analysis of Variance has been employed. Contingency Tables have been formed and Chi-square Tests have been applied for testing the association between the variables. The co-efficient of correlation between the dependent variables of the study and the selected independent variables have been put into Multiple Regression Analysis to explain the extent of variance of the dependent variables influenced by the independent variables combined. Factor Analysis has been used to find out the components which are similar and form a factor. The direct and indirect effects of the independent variables to the dependent variables were measured through the Path Analysis.

5. FINDINGS

(a) Trends in the Progress of Self-Help Groups

In 1976, Prof. Mohammed Yunus of Bangladesh started women’s groups in Bangladesh and developed thrift and savings among the poorest. Now it has developed into a bank named ‘Bangladesh Grameen Bank’. Its report in February 1998 states that the bank has 1,138 branches and covers 39,572 villages. It has 23,67,503 members of which only 1,24,571 are men. The bank has disbursed a cumulative amount of US $ 2714.61 million whereas the savings of the members has reached US $ 202.73 million. Self-Help Groups (SHGs) today play a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of SHGs and they actively engaged in savings and credit, as well as in other activities (income generation, natural resources management, literacy, child care and nutrition, etc.). The SHG system has proved to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation.

(b) Marketing Strategies Adopted by Self-Help Groups

In SHGs, the formulation of marketing strategy involves selection of target market and assembling the marketing mix. The target market specifies to whom the SHGs intended to sell their products. Selecting a target market is an important part of marketing strategy development. The marketing mix shows how the SHGs intended to sell. Assembling the marketing mix means integrating the four Ps—such as Product, Price, Place and Promotion in the right combination. This process involves selection of the appropriate marketing activities. SHGs are aiming at knowing how they can generate the best sales and earn profit. So they assemble different marketing mixes with varying levels of expenditure on each marketing element and determine the effectiveness of each combination in terms of the possible sales and profit. Then, they select the combination that is the best in their judgement. While assembling the marketing mix, various relevant aspects are given due weightage. In the success of SHGs, these marketing strategies play an important role.
The Perception of the Leaders on the Effectiveness of Marketing Strategies Adopted by Their Groups

The result of the present study revealed that out of 740 sample leaders, one hundred and thirteen leaders (15.27%) perceived that the marketing strategies of their groups are less effective; five hundred and fifty seven leaders (75.27%) perceived that the marketing strategies of their group are effective, and the remaining seventy leaders (9.46%) perceived that the marketing strategies of their groups are “very effective”. The Mean Marketing Strategies Perception Scores of the leaders revealed that the leaders who belong to the following categories perceived that the marketing strategies adopted by their groups are ‘very effective’:

a) Leaders from the groups which are located in the urban areas; b) leaders of big size groups; c) leaders who belong to the groups promoted by NGOs; d) the leaders from the groups whose groups have existed for more than five years; e) leaders who served as leaders for longer periods; f) leaders who fall under the young age category; g) leaders who belong to the backward communities; h) leaders with collegiate education; i) leaders who belong to the groups in which the average monthly income of the members is high; j) leaders whose groups were graded as First Grade groups; k) leaders of the groups involved only in selling activities; l) leaders of the groups in which all the members are actively involved in marketing activities of their groups; m) leaders who opined that the market training undergone by them is very effective; m) leaders who are from the groups which supply goods directly to the retailers; n) leaders of the groups which deal mostly with the regular customers; o) leaders from the groups which employ both manual and mechanical means of production; p) leaders from the groups for which the product ideas were supplied by NGOs; q) leaders from the groups which offer moderate varieties of goods for sale; r) leaders from the groups which adopt competition based pricing strategy; s) leaders from the groups which load moderate profit margin and; t) leaders from the groups where the groups employ advertisement as the best means of promotion of their products.

The results of Analysis of Variance indicate that there exists a significant difference in the mean scores between

a) The leaders from Urban and Rural area based groups; b) The leaders from small, medium and big size groups; c) The leaders who served as the group leaders with varying tenure; d) The leaders of young, middle and old age groups; e) The leaders from various social categories; f) The leaders with different levels of literacy; g) The leaders of the groups with differences in average monthly income; h) The leaders who belong to the groups which carry out different types of activities; i) The leaders of the groups which have varying numbers of members actively involved in marketing of the products; j) The leaders with differences in their opinion in respect of the impact on the marketing training which they underwent; k) The leaders of groups which offer their products to different nature of customers; l) The leaders of the groups with variations in the regularity of the customers who purchase the goods produced by or the services rendered by the groups; m) The leaders whose groups obtained their product ideas from different sources; n) The leaders who belong to the groups which have differences in varieties of the products that are being offered for sales; o) The leaders who belong to the groups which adopt different kinds of pricing practices; p) The leaders with differences in their opinion on the profit loaded on the products which are being produced by the groups to which they belong and; q) The leaders who belong to the groups which have differences in the adoption of promotional methods.

The result of Chi-square test indicates that the factors such as Size of the group, Organization promoted groups, Period of existence, Tenure of leadership, Age group of the members, Literacy level of the members, Level of income of the group members, Grade status of the groups, Nature of activity of the groups, Members involvement in marketing, Marketing training undergone by the leaders,
Types of customers of the products of the groups, Regularity of the customers, Source of product idea to the groups, Varieties of product produced by the group, Method of pricing employed by the groups, Profit loaded on price by the groups and Promotional method preferred by the groups significantly influence the perception of the leaders on the effectiveness of marketing strategies adopted by their groups to which they belong.

The results of the Karl Pearson’s correlation reveal that the variables such as tenure as group leaders, monthly income and product and pricing strategy of the leaders have positive and significant correlation with the period of existence of the groups of the leaders. The variables sources of product idea, nature of business and nature of activity have negative and significant correlation with the years of the existence of the groups of the leaders. The variables namely, sources of awareness, nature of business, product strategy, pricing strategy, and promotional strategy, problems in marketing and over all strategies have positive and significant correlation with the tenure as group leaders of the groups of the leaders. The variable literacy level has negative and significant correlation with the tenure as group leaders of the groups of the leaders. The variable sources of awareness has positive and significant correlation with the literacy level of the leaders.

The variables such as product strategy, pricing strategy, distribution strategy, promotional strategy and overall strategy have positive and significant correlation with average monthly income of the group members. The variables sources of awareness and nature of business have negative and significant correlation with the monthly income of the group members. The variables sources product idea, nature of business, pricing strategy, promotional strategy and overall strategy has positive and significant correlation with the sources of awareness of the leaders. The variables promotional strategy and problems in marketing have negative and significant correlation with the sources of awareness of the respondents. The variables nature of business has positive and significant correlation with the sources of product idea of the leaders. The variable distribution strategy has negative and significant correlation with the sources of product idea of the leaders.

The variables product strategy, promotional strategy and over all strategy have negative and significant correlation with the nature of business of the leaders. The variables distribution strategy and promotional strategy have positive and significant correlation with the nature of activity of the groups. The variables pricing strategy, distribution strategy and overall strategy have positive and significant correlation with the product strategy of the leaders. The variables distribution strategy, promotional strategy and overall strategy have positive and significant correlation with the pricing strategy of the leaders. The variable overall strategy has positive and significant correlation with the distribution of the leaders. The variable overall strategy has positive and significant correlation with the problems in marketing of the leaders.

The Multiple Regression Analysis reveals that the Monthly Income, Tenure as Group Leader, Link with Marketing Federation, Nature of Activity, Research for Pricing, Locational Area, Varieties of Product and the Mode of Distribution have significant influence on the perception of the leaders on the effectiveness of their groups’ marketing strategies. The result of the Path Analysis revealed that the variables tenure as group leader and locational area have the highest positive and negative direct effects respectively to the dependent variable namely the perception of the leaders on the effectiveness of their marketing strategies.

6. SUGGESTIONS

It is hoped that the formulation and implementation of an effective marketing strategy will ensure the success and survival of these groups in the highly competitive marketing environment. The effective marketing strategy has to focus on all the four basic marketing components, viz., Product, Pricing,
Distribution and Promotion. Hence, the following are the suggestions offered by the researcher for enhancing the Product Strategy, Pricing Strategy, Distribution Strategy and Promotional Strategy.

**PRODUCT STRATEGIES**
Product is the heart or core of any successful marketing strategy. It is an important element that provides competitive advantage to a firm. In an aggressive environment SHGs products are looking traditional in nature and they lack in uniqueness. Their undifferentiated products failed to attract the consumers. To make SHGs products very competitive and marketable, the following suggestions are offered by the researcher for the purpose of formulating an effective product strategy.

a. More Innovation and Diversification of Products:
b. Customize the Product to Meet the Customers’ Expectations:
c. Standardisation of the Products:
d. More Focus on the Quality of the Products:
e. More Utility Oriented Products:
f. Offer Small-Unit Packings:
g. Brand Name:
h. Packing Strategies:

**PRICING STRATEGIES**
Price is an important element in marketing mix. It plays a key role in determining the marketability of the product. Indian consumers are price sensitive and hence appropriate price should be fixed for the products. SHGs are using different pricing strategies to attract the market. It is observed that most of the SHGs are adopting low cost method to attract the market. Though the price is less, they failed to attract the market due to various reasons like image of the products. The following suggestions are offered by the researcher for formulation and adoption of effective pricing strategies by the SHGs.

a. Pricing and Value Consciousness:
b. Maintaining Stable and Consistent Price for the Products to the Maximum Possible Extent:
c. Uniformity in Price among SHGs:
d. Price as the Competitive Weapon:

**DISTRIBUTION STRATEGIES**
Distribution refers to the method and manner in which products are delivered to the customer. The researcher has observed that most of the SHGs lack in planning of proper distribution system and they try to follow a multi-channel approach. It is observed that SHGs are more concerned about covering local areas rather than targeting wider areas. Hence, it is suggested that SHGs may use one or more combinations of sales and distribution methods. Additionally, different products from the same SHGs may require different methods of distribution. While discussing the method, the researcher faced a few difficulties because of the approach of the SHGs towards their business. It has been observed that SHGs are frequently shifting their business due to various reasons including sale of seasonal products. However, the following methods will be useful to them:

a. Direct Selling
b. Shop at Campus
c. Assistance from Government and Non-Governmental organizations
d. Mobile Sales Vehicle
e. Making use of Local Shops
f. Distribution Arrangements with Co-operatives
g. Arrangement with Public Distribution System
h. Sale at Shandies
i. Festival Melas
PROMOTIONAL STRATEGIES
Promotion of products is an exercise in information, persuasion and influence. It deals with coordination of sales force activities, the advertising programmes and other promotional efforts. Effective promotion methods will result in maximizing the sale of the product and ensure the long run survival of the product in the market. Hence, the researcher offers the following suggestions for better formulation and effective implementation of the promotional strategies by the Self-Help Groups.

a. Concentrate on Salesmanship
b. Free Sample as Sales Promotion
c. Counter Display
d. Participate in Trade Shows and Trade Fairs
e. Road Shows
f. Parades or Pageants
g. Participation in Entertainment and Cultural Events
h. Brand Umbrella
i. Banners and Flyers
j. Creating Satisfied Consumers
k. Media as Publicity

CONCLUSION
Women are the potentially active agents of social change and patient solicitors of social equity. SHGs are of recent origin in India to lend a helping hand to millions of women to improve their income, educate their children, and acquire assets. SHGs have also helped women campaign against oppressive social practices and become a force of development in their villages. The Self-Help Group concept appears to be a good alternative strategy to involve people in the process of social development. The members of the SHGs come together voluntarily for a common venture. It is a good beginning. However, to make the venture more meaningful and purposeful, the bottlenecks in it have to be detected and removed. Production will be meaningless if the products produced do not find an appropriate market. The highly competitive environment poses many challenges for the products that are offered by these SHGs. They have to make themselves more competitive and competent in the market by means of offering products of superior quality, identifying effective cost reduction measures and adopting appropriate pricing strategies for their products and services. Apart from offering good quality products and adopting appropriate pricing strategies, the SHGs are expected to formulate suitable distribution strategies in order to make their products available in the places where there is a potential demand for their products and services. Creation of awareness about the products and services that have been offered by these groups for sale also contributes significantly for the success and sustainable growth of these groups. The lack of professionalism that exists among the leaders and the members of the groups affect the formulation and implementation of the appropriate promotional strategies of the SHGs. In total, the marketing strategies that have been adopted by these groups are very much peculiar in nature as they are designed by the members who do not have the required exposure to the concept of marketing and they lack marketing skills. By keeping these facts in mind, the researcher has undertaken the present study and it has been a rewarding experience in the sense that it has identified the perception of the leaders of the Self-Help Groups in Coimbatore on the effectiveness of the marketing strategies adopted by their groups. Though the SHGs can offer, superior quality products, the lack of awareness about the various marketing aspects among the members and leaders of the groups has resulted in non-fulfillment of the objectives of the groups. It is hoped that this type of study and the suggestions contained therein will create awareness among the leaders and members of the Self-Help Groups and pave the way to identify a comprehensive idea about effective formulation and efficient implementation of more appropriate marketing strategies and thereby the existence and effective functioning of these groups can be ensured.
References

13. Local governments’ system in India