

Entrepreneurship and Non-Government MFIs: With reference to skill development of women entrepreneur

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Abstract: Indian women of today have come out of the four walls of the kitchen and are more willing to take up entrepreneurial activities. Women today want more economic independence, their own identity, achievements, equal status in the society and greater freedom. Further, many women have proved that they are more productive than men in contributing to the growth of the economy. Microfinance program has further helped them in investing their income and also undertaking the income-generating activity.

Just as we need two hands for the smooth functioning of human work, similarly both men and women should be involved in productive activities to build a strong nation. Besides this India has been suffering from problem of unemployment and under employment since long. To mitigate this problem, women are needed not only to generate employment, but also to provide employment to others.

As entrepreneurial activities create additional wealth, solve the problem of unemployment and poverty. So, the development of Entrepreneurship among women, particularly among rural women, will believe to strengthen the rural economy in particular and national economy as a whole. Increasing the amount of savings through Self Help Groups can develop the self-reliance of the women.

The present study tries to understand how non-government micro finance institutions in Uttar Pradesh function and operate the microfinance programmes. The major parameters considered for study of operational efficiency of non-government micro finance institutions are in terms of number of clients, Years in Microfinance, Management, Profitability and Sustainability of Operation.

Key Words: microfinance, entrepreneurial activities, unemployment, self-help groups

I. INTRODUCTION

However, of late, Indian women have come out of the four walls of the kitchen and are more willing to take up entrepreneurial activities. Indian women in contemporary society of India aspire for more financial independence, identity, achievements, equal status in the society and greater freedom with respect to all the matters concerning them. Further, many women have proved that they are more productive than men in contributing to the growth of the economy. Microfinance program has help them in investing their income and also undertaking the income-generating activity. Just as we need two hands for the smooth functioning of human work, similarly both men and women should be involved in productive activities to build a strong nation. Besides this India has been suffering from problem of unemployment and under employment since long. To mitigate this problem, women are needed not only to generate employment, but also to provide employment to

others. As entrepreneurial activities create additional wealth, solve the problem of unemployment and poverty. So, the development of Entrepreneurship among women, particularly among rural women, will believe to strengthen the rural economy in particular and national economy as a whole. Increasing the amount of savings through Self Help Groups can develop the self-reliance of Indain women.

The income generation from a business (entrepreneurial activities) helps not only to expand business activity but also contributes to household income. The small entrepreneurs also benefit on food security, children's education, etc. Moreover, for women who, in many contexts are secluded from public space, transacting with formal institutions can also build confidence and empowerment. The present paper analysis the Non-government Micro Finance Institutions as it is one of the models microfinance in India. Along with this, it is important to understand whether the financial and social status of the women associated has improved after joining

the NGOs and whether they have developed any entrepreneurial qualities. Entrepreneurship is considered as a creative and innovative way to response to the environment. Such responses can take place in any field of social endeavour - business, agriculture, education, social work, etc. Hence, entrepreneurship can be defined as doing new things or doing things that are already being done in a new manner.

II. LITERATURE REVIEW

Assessment of Entrepreneurial Development

Entrepreneurship has gained a lot of importance in last few decades. There has been growing great interest in understanding and supporting entrepreneurship in India. Government and policy maker have recognised it as a tool for enhancing regional, local and national economies and as a strategy for workforce development the generates employment opportunities in global market and for solving stubborn social problems that neither government nor private sector is able to address. (Acs & Armington, 2004). Initial efforts to develop successful entrepreneurs focused either on providing start-up funding based on a review of a business plan or identifying traits of the successful entrepreneur and trying to support individuals with those traits (Brockhaus, 1982). More recently, there is awareness that like most other complex behaviors, entrepreneurship can be considered a set of learned skills (Lackeus, 2013). Not all non-government organisations are providing equal opportunities for the development of successful entrepreneurs. It has become important to analyse the impact of benefits provided by microfinance organisations and the growth of entrepreneurship.

The nurturing of successful entrepreneurship involves first- the definition of key skills required for success, second- the assessment of these skills, and, third- ongoing personalized coaching of individual entrepreneurs based on their current and evolving skill status to develop the full array of entrepreneurial skills.

Entrepreneurship Skills

While early business incubation strategies involved helping entrepreneurs develop a business plan and secure initial funding, over the past decade, there has been a growing awareness that successful entrepreneurship is more complicated than simply having access to capital and a plan to follow (Thomas M. Cooney, 2012). A successful entrepreneur is a person who generate individual and community wealth by developing a business asset and can do this repeatedly under a variety of circumstances. This definition further “requires that an entrepreneur consistently overcome the obstacles faced in obtaining and using the resources required to start, grow, and sustain a business.” Starting, growing and sustaining represent three different activities which may require different abilities. This begs the question, what is the source of this ability?

Most of the work in this area of study has focused on agency – what must the entrepreneur be, what must he/she do, how must he/she think, and what must he/she know? Nalia Kutzhanova, Thomas s. Lyons & Gregg A. Lichtenstein (2007) describe this as an evolution of thought, moving from attributes or traits theory to behavioral theory to cognitive theory and, most recently, to skills theory.

Original thinking about entrepreneur success focused on the identification of an individual’s innate characteristics that positioned them to effectively pursue their craft (McClelland et al, 1953). In other words, according to this view some people are ‘born entrepreneurs’ and others simply are not. These scholars argued that successful entrepreneurs were naturally willing to take risks, prone to pursuing achievement, exceptionally creative, highly flexible, or desirous of control. This theory has had a powerful effect on how we think about entrepreneurship, arguably placing an overemphasis on the role of agency (relative to context) and influencing the exceptionalism that still colours perceptions of the field i.e. the only true entrepreneurs run high-growth, venture capital-backed companies (Lichtenstein & Lyons, 2010). Yet, attributes theory has been strongly challenged by studies showing that many of these identified innate attributes are equally present in the general population and that no one trait can be ascribed to the entire population of entrepreneurs (B. Low & MacMillan, 1988).

The next step in thinking about entrepreneurial success has been cognitive theory, which suggests that understanding how entrepreneurs process information holds the key to knowing what works and what does not (Siegel, R., Siegel, E. and Macmillan C. (1993). Has explored the importance of self-efficacy, feedback, experience, and perception bias, among other contributors to successful entrepreneurship. Their combined work opened the door for consideration of the fact that learning and development is part of the entrepreneurial process.

This latter recognition that entrepreneurship could be developed has led to an interest in how entrepreneurs learn to apply acquired knowledge to their practice and how these skills can be taught. This concept has contributed in the development of theory of entrepreneurship. The theories of attributes, behavioral and cognitive have contributed to better understanding of what is important in entrepreneurship, but their contributions only bring us to the cusp of action (Mattare, M., 2010). Skills are actionable; they underlie the entrepreneur’s decision-making processes and behaviors; and they can be improved through learning and practice/experience (Lyons, Lichtenstein & Kutzhanova, 2007

Skill is a capacity to act in an organized way in a specific context. (Richard E. Boyatzis, David A. Kolb, 1995) emphasize the integration between the individual and her/his environment when skills are developed. Lichtenstein & Lyons (2010) define skill as “...the ability to perform a

particular action or task on a consistent basis, at a high level of performance, without a great deal of conscious thinking or attention, to achieve a desired outcome.” A recurring theme in most definitions of skill is the integration of “agency” and “structure,” to use the sociological terms. The individual entrepreneur is applying knowledge through practice within a given social context (Mascolo, M., Fischer, K., 1999). Entrepreneurial Skills were composed of business concept planning and communication, environmental scanning, and having an advisory board and engaging in networking (which represented the balance between acting independently and needing advice). Personal Maturity skills included self-awareness, accountability, emotional coping, and creativity.

(Thomas M. Cooney, 2012) distilled four dimensions to three-Entrepreneurship Skills, Technical Skills, and Management Skills – and populated each with skills drawn from the literature. Cooney’s skill set includes the following:

Table 1. Dimensions of Entrepreneurial Skills

Entrepreneurial Skills	Technical Skills	Management Skills
Inner Discipline	Operations Specific to Industry	Planning
Ability to Take Risk	Communications	Decision-Making
Innovative Design	Motivating	Marketing
Change-Oriented	Research and Development	Finance
Persistence	Environmental Observation	Selling

Source: Thomas M. Cooney, 2012

Thus, the skills of successful entrepreneurship include essential business skills (“hard skills”) and a host of “soft” skills. There is not complete agreement on which skills are required or their order of importance (Smith, L., Schallenkamp, W., E., Eichholz, 2005).

OBJECTIVES OF THE STUDY:

- To Assess the Impact of Non-Government Microfinance Institutions on Skill Development of Women Entrepreneurs.

- To analyse the relationship among different factors of Entrepreneurial Development

III. RESEARCH METHODOLOGY

The present study is based on the primary data collected from the four NGO-MFI situated at Lucknow district of Uttar Pradesh. The sample size is 200 women beneficiaries of selected NGO-MFIs. The data is analysed with the help of SPSS. The statistical tool utilised for present study are paired t-test and correlation.

OBJECTIVE 1: Assessment of Impact of Non-Government Microfinance Institutions on Skill Development of Women Entrepreneurs

The purpose of present study is to find out the development of entrepreneurial skills among the women beneficiaries. This section of study analyses the various benefit received by the members of MFIs from the microfinance programme. As non-government microfinance institutions besides extending credit provide training and development programmes for the development of entrepreneurial skills among the members. The sub-parameters studies are; Business skills, Leadership Skills, Business risk taking ability, Bookkeeping & Adm. Skill and Selling & Marketing Skills. Responses are collected on the basis of recall method and information is collected regarding the impact before and after intervention of microfinance programme. The mean scores obtained from each of the sub-parameters for the situations before and after joining the MFIs are given in the following table.

Table 1: Mean scores of sub- parameters of skill development before and after joining microfinance programme

Skill Development	Mean Score Before	Mean Score After
Business skills	1.46	3.75
Leadership Skills	1.52	4.30
Business risk taking ability	1.49	4.26
Book keeping & Adm. skill	1.34	4.34
Selling & Marketing Skills	1.61	4.35

Source: Primary Data

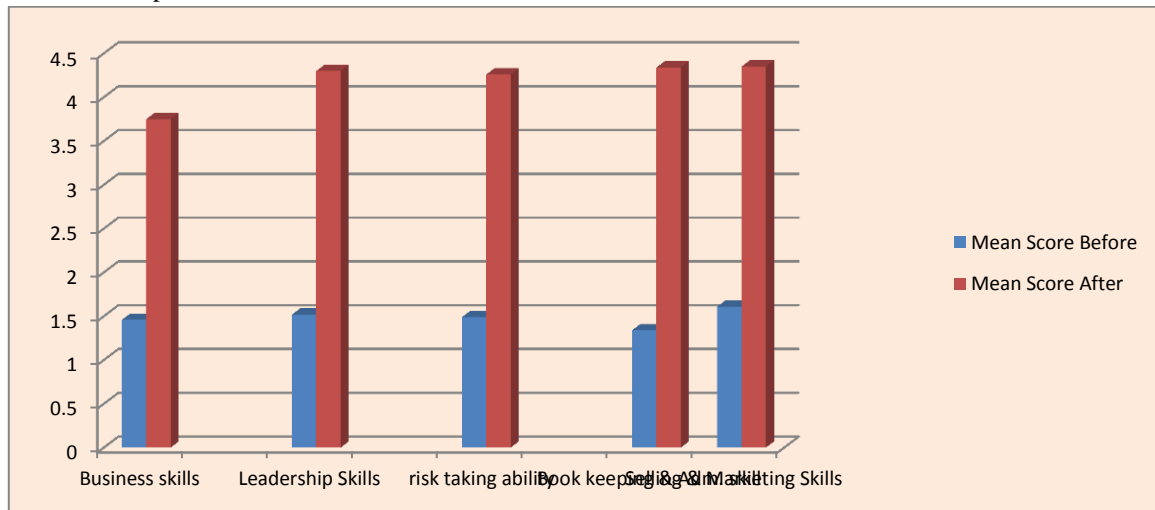


Fig. 1; Mean scores of sub-parameters on Skill Development before and after joining microfinance programme

The mean scores of sub-parameters of skill development of members are shown. From the above table and fig. this can be analysed that there is a positive impact of microfinance programme on skill development of members of MFIs. The results are further verified by applying statistical tool. Hypothesis is formulated and paired t-test is applied.

Hypothesis Testing:

Null Hypothesis (Ho): *There is no significant improvement in the sub-parameters of skill development of MFI Members after joining the microfinance programme.*

Alternative Hypothesis (Ha): *There is significant improvement in the sub-parameters of skill development of MFI Members after joining the microfinance programme.*

The results of paired t-test are:

Table 2; Paired Samples Test on sub- parameters of Skill development

parameters of Skill development	Paired Differences				t	df	Sig. (2-tailed)	
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower				Upper
1 Business skill After_before joining MFI	2.290	.583	.034	2.224	2.356	67.986	299	.000
2 Leadership skill After_before joining MFI	2.780	.857	.049	2.683	2.877	56.201	299	.000
3 Risk taking ability After_Before joining MFI	2.773	.777	.045	2.685	2.862	61.810	299	.000
4 Account keeping & Adm. Skill After_before joining MFI	3.000	.694	.040	2.921	3.079	74.875	299	.000
5 Selling & distribution skill After_Before joining MFI	2.740	.780	.045	2.651	2.829	60.876	299	.000

Statistical tool utilised: IBM SPSS (version 20)

For each of the sub-parameters chosen for measuring skill development of members of MFIs, it is observed from the above table that P value (=0.00) <0.05. Therefore the corresponding t-value is significant at (level of significance) = 0.05 and at df (degree of freedom) =299. That is, there was significant difference in the mean scores of each of the parameters used for measuring skill development of members after and before joining MFIs. Therefore, there was significant increase in the skill development of members of MFIs after joining the microfinance programme.

OBJECTIVE 2: Analysis on relationship among different factors of Entrepreneurial Development

It has been accepted after reviewing plenty of literature on entrepreneurship that the entrepreneurship skills need to be developed and nurtured in order to meet the goal of microfinance programme of sustainable growth. Different factors effecting entrepreneurship are considered in the present chapter before and after intervention of microfinance programme. This section of the chapter tries to find out the relationship among different factors.

Relationship between loan size and number of years in Microfinance programme

It is the common practice of many MFIs to increase the loan size over the period of years. Amount of loan generally increases in the subsequent cycle of loan considering repayment track record of the clients. Therefore, an attempt was made to understand the relationship between loan size

and number of years of the SHG members in MFI's microfinance programme. Average loan size of different groups according to number of years in the group is tabulated as given under.

The inference drawn from the hypothesis testing is narrated below.

Hypothesis testing:

Null Hypothesis (Ho): *There is no significant relationship between loan amount availed by members and number of years in microfinance programme of non-government microfinance institutions*

Alternative Hypothesis (Ha): *There is significant relationship between loan amount availed by members and number of years in microfinance programme of non-government micro finance institutions*

Pearson correlation analysis was used for establishing the relationship between loan amount and number of years in microfinance. The result of the hypothesis testing is shown as under.

Table 3; Correlation between years in MFI & Loan Amount

Pearson co-efficient of correlation (r)	0.62
Sig. (2 tailed)	0.000*

Statistical tool used: IBM SPSS (v. 20)

* Correlation is significant at the 0.01 level (2-tailed)

It is observed from the above that Pearson's co-efficient of correlation(r) is 0.62 (positive) and is significant at $\alpha = 0.05$ level since p value ($=0.00$) <0.05 . Therefore, null hypothesis is rejected and alternative hypothesis is accepted. It can be concluded that there was significant positive relationship between number of years in MFIs and loan amount availed by MFI's Members.

Relation between training attended and confidence level of sample MFI Members

The training programmes conducted by non-government microfinance institutions for their beneficiaries with the aim to develop entrepreneurial skill and help in empowering them. This section of the chapter tries to find the relationship between training programme and the confidence level of beneficiaries.

Hypothesis testing:

Null hypothesis (H₀): There is no association between training programme and self confidence level of sample MFI members.

Alternative hypothesis (H_a): There is association between training programme and self confidence level of sample MFI members.

Pearson Correlation analysis was used to test the above hypothesis and the test result is given below:

Table 4; Correlation between Training Programme & confidence Level of Members

Training programme & Confidence Level	Pearson
No. of Days of Training & Facing financial Crises	.397**
No. of Days of Training & Facing Business Risk	.341**
No. of Days of Training & Meeting Officials	.436**
No. of Days of Training & Communication Skills	.173**
No. of Days of Training & Mobility	.171**
No. of Days of Training & Respect from Family	.235**

Statistical tool utilised: IBM SPSS (version 20)

** . Correlation is significant at the 0.01 level (2-tailed).

This can be observed from the above table that there is a positive correlation between number of days of training programme and confidence level of members. Hence, null hypothesis (H₀) rejected and alternate hypothesis (H_a) is accepted. The training programmes conducted by microfinance institutions are successful in improving confidence level of members in terms of facing financial crises, business risk, meeting officials, communication skills, mobility and respect in the family.

Relation between training attended and Skill development of sample MFI Members

The training programmes conducted by non-government microfinance institutions aim to develop skills among the members in order to make them self-sufficient and more importantly to insure proper utilisation of micro credit. This section of the study tries to analyse the correlation between number of days of training and skill development of beneficiaries.

Hypothesis testing:

Null hypothesis (H₀): There is no association between training programme and skill development of sample MFI members.

Alternative hypothesis (H_a): There is association between training programme and skill development of sample MFI members.

Pearson Correlation analysis was used to test the above hypothesis and the test result is given below:

Table 5; Correlation between Training Programme & Skill Development of Members

Training programme & Skill Development	Pearson
No. of Days of Training & skill to manage enterprise	.899*
No. of Days of Training & Leadership Skills	.056*
No. of Days of Training & Risk-Taking Ability	.102*
No. of Days of Training & Account Keeping	.436*
No. of Days of Training & Selling/Distribution Skill	.549*

Statistical tool utilised: IBM SPSS (version 20)

*Correlation is significant at the 0.05 level (2-tailed).

The above table shows that pearson correlation between number of days of training programme and the sub-parameters of skill development of sample MFI members is positive. Hence, null hypothesis (H₀) is rejected and alternate hypothesis (H_a) is accepted. We may conclude that training programme plays positive relationship in the development of skills of managing enterprise, leadership, risk taking ability, account keeping and selling/distribution.

IV. KEY FINDINGS

- **Impact of MFI on Skill Development of Women Entrepreneurs:**

In order to study the impact of non-government microfinance institutions on skill development of women entrepreneurs; the sub parameter considered skills to manage enterprise, leadership skill, bookkeeping/accounting skill and selling/distribution skill. Hypothesis being formulated and paired t-test is applied to test the impact of microfinance programme before and after joining MFI. It has revealed from the study that there is a significant improvement in all sub-parameters skill development of women entrepreneurs after joining non-government microfinance institutions. Hence, it is concluded that non-government microfinance institutions play positive role in development of essential entrepreneurial skills in women entrepreneurs.

V. CONCLUSION

Non-government microfinance institutions recently entered actively in microfinance programme. Being non-government in nature and social objective their objective since existence are playing significant role in disbursement of micro credit to the eligible candidates. They are not only helpful in disbursement of funds to the needy but also

engaged in development of skills among the members to make them capable for proper utilisation of funds. The present study revealed that these organisations are playing significant role in improvement of skill required for entrepreneurship such as decision-making ability, risk taking ability, communication skill and confidence to handle crises. However, these organisations lack in providing enough loan and timely availability of loan to the members. The funding agencies and government need to strengthen them financially so that they may fulfil their obligations.

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