



# INFLUENCE OF MICROFINANCE ON SOCIO-ECONOMIC DEVELOPMENT AMONG WOMEN ENTREPRENEURS IN CUDDALORE DISTRICT

**K. Prathiba**

*Doctoral Research Scholar, Dept of Business Administration,  
Annamalai University, Chidambaram, Tamil Nadu, India*

**Dr. S. Shanmugasundaram**

*Assistant Professor, Dept of Business Administration, Annamalai  
University, Chidambaram, Tamil Nadu, India*

## ABSTRACT

### KEYWORDS:

*Microfinance savings, Motivation, Socio-Economic Development, Social Recognition, Path Analysis and Cuddalore District.*

*The article tries to find out the influence of microfinance on socio economic development among women entrepreneurs in Cuddalore district. Two objectives of this study were reached through proper methodology. Sample size was 60 in all obtained through convenience sampling technique in Cuddalore district. Researcher designed questionnaire is with 5 point scale in the continuum of agreeing. Reliability of this tool is 0.78 and 0.92. Path analysis was used for data analysis. The path analysis found that there is no influence of micro savings and motivation on socio-economic development of women entrepreneurs in Cuddalore district. The analysis also highlighted that there is influence of socio-economic development on social recognition of women entrepreneurs in Cuddalore district. Hence, it is concluded that the Microfinance institutions should provide motivational training to small business entrepreneurs on financial management skill, managerial skills in areas like negotiation skills, and business knowledge.*

## INTRODUCTION

Microfinance plays a vital role in fighting the multi-dimensional aspects of impoverishment. Microfinance is Associate in nursing innovation for the developing countries. It provides self-employment chance for poor those who square measure out of work, entrepreneurs and farmers World Health Organization aren't bankable owing to the shortage of collateral, terribly low level of financial gain. It's with success enabled poor individuals to begin their own business generating financial gain and infrequently getting down building up wealth. It's the capability to reinforce the socio-economic development of the vulnerable and marginalized individuals, particularly girls.

Microfinance will increase social unit financial gain that ends up in food security, the building of assets, Associate in nursing an increased chance of training youngsters. Microfinance is additionally a method for self-empowerment. It permits the poor to create changes after they increase financial gain, become business house owners and cut back their vulnerability.

While the present information shows that microfinance savings and motivation helped ladies begin their businesses and created them entrepreneurs, this study shows that not solely microfinance savings however conjointly entrepreneurial skills and factors force them to become

entrepreneurs. This study added new information for business ladies, that beginning a replacement business isn't totally addicted to money/ microfinance savings however conjointly entrepreneurial factors and skills that drive them to be entrepreneurs.

The development of ladies entrepreneurs depends on socio-economic development by obtaining microfinance and coaching from government and NGOs, ladies area unit authorized, though they need to face social and family barriers. Providing microcredit isn't the sole think about being associate bourgeois, interaction with the borrowers, with the individuals of microcredit suppliers, direct observation, education and coaching in choosing product, project and different techno-economic data facilitate ladies to be entrepreneurial. The analysis focuses on characteristic factors associated with the event of entrepreneurship among ladies. The analysis analyses the socio-economic impact on ladies that swayed them to become productive.

## WOMEN'S ROLE IN ECONOMIC DEVELOPMENT

The contribution of girls to the society can't be over hawk-eyed as they represent concerning common fraction of the entire population of the planet that accounted for around 496 million as against a complete human population of 1027 million. per world state of affairs, sixty per cent of the

operating hours within the world goes to women's share; makes up thirty per cent of official labour force; and fifty per cent share of the planet economy is contributed by them (DFID, 2000).

### NEED OF RISING STANDING OF WOMEN

Any variety of development cannot facilitate girls till or unless their socio-economic standing and bread and butter security are improved in urban additionally as in rural settings. the foremost necessary means that of achieving improvement within the standing of ladies would be to secure for them a good degree of employment opportunities in varied sectors of economy, because the employment enhances economic standing to girls and successively, it paves the means for higher status. For this, most of the developing and beneath developed countries have had larger stress on the requirement for bread and butter security of rural girls by their active involvement within the main stream of development through granting employment and development schemes, significantly for ladies and youngsters.

### REVIEW OF LITERATURE

Chandra Prasad Dhakal and professor. Dr. Govinda Kingdom of Nepal (2016) known that microfinance's activities are simpler to cut back the personal income. It's promoted the saving and credit habit of individuals. Microfinance has promoted the business activities by providing the load facilities. Microfinance establishments accepted that they charged higher interest rates than the opposite banking establishments thanks to its property strategy.

Hassan Hamza Zaidi (2012) found that Akhuwat's loans have considerably improved the conditions of the borrowers in terms of their monthly financial gain, expenditures, access to education/ health, and social unit assets. The impact was abundant larger for previous borrowers than new borrowers. Within the finish they ended that Akhuwat's non-traditional approach of disposition to the poor and its model of mutual brotherhood between lenders and borrowers presents nice lessons to bring positive modification within the society.

Kamrun Nahar Munny and Zhang Weiyu (2011) found that entrepreneurial skills and factors influence ladies entrepreneurs and facilitate the expansion of their business enterprises. At an equivalent time the study conjointly shows that a microcredit facility plays an important role for business growth and continued of the entrepreneurial work. The study conjointly identifies the role of microcredit and its impact on ladies entrepreneurs and their business growth.

Reji .E.M (2009) had found that Microfinance has the capability to reinforce the socio-economic development of the vulnerable and marginalized cluster, particularly ladies by making a community primarily based structure that builds mutual support and trust.

Dipak Bahadur Adhikari and Jayanti Shrestha (2013) discovered that microfinance is an efficient tool for transferrable positive impact on the economic standing of the respondents at the side of their relations. It's helped to get additional financial gain for his or her family and their own use. The additional financial gain permits the respondents family to shop for nutrient food, access to trendy health care services and that they will afford to send their youngsters to the varsity.

Vadher, et al. (2014) studied on "Study on socio-economic profile of shrimp farmers of Gujarat State, India." The author terminated that shrimp farming has contributed considerably in a job generation and infrastructure development of the coastal community and overall development of the coastal areas of Gujarat state. Shrimp culture pool performance was conjointly sensible and therefore the success rate is additionally high. The socio-economic condition of the coastal population has conjointly been improved within the state through shrimp farming.

Khanum, (2015) analyzed that "Socio-Economic Conditions of Fishermen: proof from Hakaluki Haor of Asian country." the incidence of poverty level was calculable by CBN (Cost of Basic Needs) methodology. About 68.17percent was Head Count quantitative relation, the depth of poorness (P1) was twenty.14 percentages and severity of poorness (P2) was three.59 percentages. Moreover, there have been no vital distinction between calculable the poverty level and therefore the incidence poorness curve. It had been a positive relationship between per month expenditure and accumulative share of population.

Sudarmo, et al. (2015) disbursed "Social political economy Characteristics of Coastal Small-Scale Fisheries in Tegal town, Indonesia." The results of this study incontestable that small-scale fishermen within the city of Tegal is in good shape in terms of economic, social, health, and education standing, or in alternative words the fishermen were on a high level of welfare.

### RESEARCH METHODOLOGY

#### RESEARCH DESIGN

To obtain better answer to the research question, a proper research design is to be framed (Cooper & Schindler 2001; Davis & Cosenza 1988). Descriptive research design has been adopted for the present study. Descriptive study is a fact-finding investigation with adequate interpretation. It focuses on particular aspects or dimensions of the problem studied. It is designed to get the descriptive information and provided information and formulation of more sophisticated studies.

#### RESEARCH GAP

Microfinance savings, motivation, socio-economic development and social recognition, which are studied individually alone but combined research is not found in previous studies. This study is unique in introducing the dependent variable was social recognition; mediator variable was social socio economic development and independent variables were motivation and microfinance savings. The title is "INFLUENCE OF MICROFINANCE ON SOCIO ECONOMIC DEVELOPMENT AMONG WOMEN ENTREPRENEURS IN CUDDALORE DISTRICT."

#### FRAMEWORK OF THE STUDY

This study is unique in introducing the dependent variable was social recognition; mediator variable was social socio economic development and independent variables were motivation and microfinance savings.

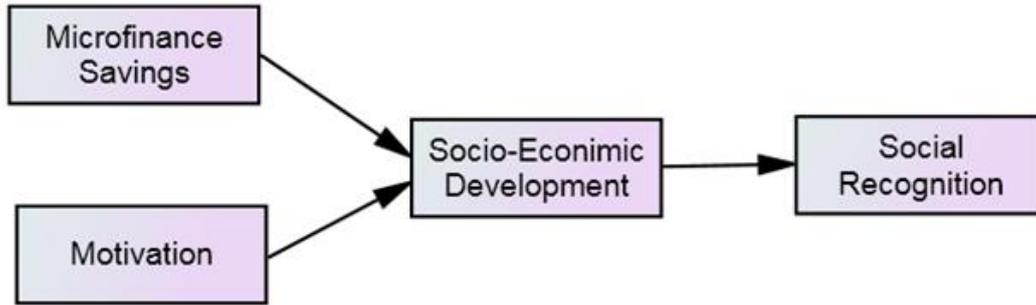


Figure 1: Conceptual Framework

**OBJECTIVE OF THE STUDY**

- To study the influence of microfinance on socio economic development among women entrepreneurs in Cuddalore district.
- To identify the influence of women socio-economic development on woman social recognition in Cuddalore district.

**HYPOTHESIS OF THE STUDY**

- There is no influence of motivation on social women socio-economic development.
- There is no influence of microfinance savings on women socio-economic development.
- There is no influence of women socio-economic development on women social recognition in Cuddalore district.

**SAMPLING TECHNIQUE**

Convenience sampling technique was adopted for the study. Srivastava (2008) there is only a less effort need to collect the data. Actually no pre plan of executing is there.

**DATA COLLECTION**

The sample size of the study is 60 in all. The study was conducted in Cuddalore district, Tamil Nadu. Questionnaire with 5 point scale is used.

**RELIABILITY**

For all the items in the questionnaire design the alpha was 0.78 to 92. This indicates high reliability of the items in the questionnaire. With these results the consistency, dependability and adoptability are confirmed.

**STATISTICAL TOOL USED**

Path analysis was adopted in this study. It is used to know the correlation and regression of independent variables with respect to socio-economic development. Likewise the independent variables were motivation and microfinance savings. The variable socio-economic development was considered as mediator variable. The variable social recognition was considered as an outcome variable.

**ANALYSIS AND INTERPRETATION**

Table 1: Model Fit Indication

Chi-Square	p	GFI	AGFI	CFI	NFI	RMSEA
0.685	0.408	0.994	0.943	0.999	0.991	0.000

Source: primary data

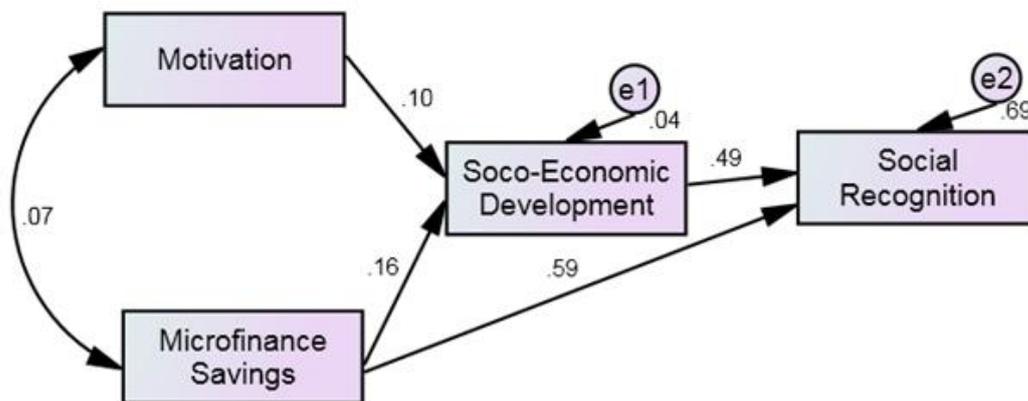


Figure 2: Path Analysis of Socio-Economic Development

From the path diagram the dependent variable was social recognition; mediator variable was social socio economic development and independent variables were motivation and microfinance savings.

From the above table it is found that the calculated chi-square value is 0.685, p value is 0.408 which is greater than 0.05, which indicates that perfectly fit. Here GFI

(Goodness of Fit Index) value and AGFI (Adjusted Goodness of Fit Index) values are greater than 0.90 which represent it is a good fit. The calculated CFI (Comparative Fit Index) value and NFI (Normed Fit Index) values are greater than 0.90 which means that it is a perfectly fit. It is found that RMSEA (Root Mean Square Error of Approximation) value is 0.000 which are less than 0.08, which indicates that it is perfectly fit.

$H_{0c}$ : Motivation do not influence by socio-economic development.

$H_{A1}$ : Motivation influence by socio-economic development.

Through the path analysis, regression weight as the value of CR is 0.744. The Beta value is 0.095 which indicates

that 9% of influence is through motivation towards socio-economic development. The p value is 0.457; here the p value is greater than 5% and the hypothesis is accepted. Hence, it can be concluded that the motivation does not influence on socio-economic development of women entrepreneurs in Cuddalore district.

**Table 2: Regression Weights**

DV		IV	Estimate	S.E.	C.R.	B	P
Socio-Economic Development	<---	Motivation	0.081	0.109	0.744	0.095	0.457
Socio-Economic Development	<---	Microfinance savings	0.150	0.119	1.262	0.162	0.207
Social Recognition	<---	Socio-Economic Development	0.754	0.112	6.725	0.493	0.001
Social Recognition	<---	Microfinance savings	0.837	0.104	8.057	0.591	0.001

Source: primary data

$H_{0c}$ : Microfinance savings do not influence by socio-economic development.

$H_{A2}$ : Microfinance savings influence by socio-economic development.

Through the path analysis, regression weight as the value of CR is 1.262. The Beta value is 0.162 which indicates that 16% of influence is through microfinance savings towards socio-economic development. The p value is 0.207; here the p value is greater than 5% and the hypothesis is accepted. Hence, it can be concluded that the microfinance savings does not influence on socio-economic development of women entrepreneurs in Cuddalore district.

$H_{0c}$ : Socio-economic development do not influence by social recognition.

$H_{A3}$ : Socio-economic development influence by social recognition.

Through the path analysis, regression weight as the value of CR is 6.725. The Beta value is 0.493 which indicates that 49.3% of influence is through socio-economic development towards social recognition. The p value is 0.010; here the p value is less than 1% and the hypothesis is rejected. Hence, it can be concluded that the socio-economic development influences social recognition in Cuddalore district.

$H_{0c}$ : Microfinance savings do not influence by social recognition.

$H_{A4}$ : Microfinance savings influence by social recognition.

Through the path analysis, regression weight as the value of CR is 8.057. The Beta value is 0.591 which indicates that 59.1% of influence is through microfinance savings towards social recognition. The p value is 0.010; here the p value is less than 1% and the hypothesis is rejected. Hence, it can be concluded that the microfinance savings influences social recognition in Cuddalore district.

## FINDINGS OF THE STUDY

- There is no influence of motivation on socio-economic development.
- There is no influence of microfinance savings on socio-economic development.
- There is an influence of socio-economic development on social recognition.
- There is an influence of microfinance savings on social recognition.

## RECOMMENDATIONS

- Microfinance institution should have separate business advisors to small businesses, to give appropriate business guidance as how to manage their businesses enterprises, the need to split their business funds from personal money, and proper ways of pricing and marketing of products.
- Microfinance institutions should provide motivational training to small business entrepreneurs on financial management skill, managerial skills in areas like negotiation skills, and business knowledge.

## CONCLUSION

The article tries to find out the influence of microfinance on socio economic development among women entrepreneurs in Cuddalore district. Two objectives of this study were reached through proper methodology. Sample size was 60 in all obtained through convenience sampling technique in Cuddalore district. Researcher designed questionnaire is with 5 point scale in the continuum of agreeing. Reliability of this tool is 0.78 and 0.92. Path analysis was used for data analysis. The path analysis found that there is no influence of micro savings and motivation on socio-economic development of women entrepreneurs in Cuddalore district. The analysis also highlighted that there is influence of socio-economic development on social recognition of women entrepreneurs in Cuddalore district. Hence, it is concluded that the Microfinance institutions should provide motivational training to small business entrepreneurs on financial management skill, managerial skills in areas like negotiation skills, and business knowledge.

## REFERENCE

1. Chandra Prasad Dhakal and Prof. Dr. Govinda Nepal (2016) Contribution of Micro-Finance on Socio-Economic Development of Rural Community, *Journal of Advanced Academic Research (JAAR)*, Vol. 3, No. 1 and pp 134-141.
2. Cooper, D.R. & Schindler, P.S. (2001), *Business Research Methods*, 7th edn., Irwin/ McGraw-Hill, Singapore.
3. Davis, D. & Cosenza, R.M. (1988), *Business Research for Decision Making*, 2nd edn., PWS-Kent, Boston.
4. Dipak Bahadur Adhikari and Jayanti Shrestha (2013) Economic Impact of Microfinance in Nepal: A Case Study of the Manamaiju Village Development Committee, *Kathmandu, Economic Journal of Development Issues Vol. 15 & 16 No. 1-2, Combined Issue and pp 36-49.*

5. Hassan Hamza Zaidi (2012) *Impact of Microfinance on Socio-Economic Conditions of the Borrowers: A Case Study of Akhuwat Foundation (Lahore)*, *European Journal of Multidisciplinary Studies*, Vol.6, Nr.2, pp 239-248.
6. Kamrun Nahar Munny and Zhang Weiyu (2011) *The Role of Micro-credit for women entrepreneurs: The Case of Bangladesh*, *Department of Business and Economics Studies, University of Gavle*.
7. Khanum, R. (2015). *Socio-Economic Conditions of Fishermen: Evidence from Hakaluki Haor of Bangladesh*. *Asian Business Review*, 2(2), 19-21.
8. Reji .E.M (2009) *Socio-Economic Impact of Microfinance: A Study of Neighbourhood Groups (NHGs) in Nilambur Block of Malappuram District, Kerala*, *Ind. Jn. of Agri. Econ*, Vol. 64, No. 2 and pp 246-258.
9. Srivastava, & T, N. (2008) *Statistics for Management (1 st Edition Ed.)*, New Delhi: Tata McGraw Hills.
10. Sudarmo, A. P., Baskoro, M. S., Wiryawan, B., Wiyono, E. S., & Monintja, D. R. (2015). *Social Economics Characteristics of Coastal Small-scale Fisheries in Tegal City, Indonesia*, *International Journal of Scientific & Technology Research* 4, (1), 85-88
11. Vadher, K. H., & Manoj, K. (2013). *Study on socio-economic profile of shrimp farmers of Gujarat State, India*. *International Journal of fisheries and aquatic studies*, 2(2), 202-205.