

## RESEARCH NOTE

## A Study on Entrepreneurial Behaviour of Kudumbashree Neighbourhood Group (NHG) Members in Kerala

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### ABSTRACT

*A study was conducted in Palakkad district of Kerala with the objective of studying the relationship between selected profile characteristics and entrepreneurial behaviour of members of Kudumbashree NHGs with a sample size of 120 respondents. Ex post facto research design was followed. The correlation analysis revealed that age and credit orientation had non-significant relationship whereas education, income, mass media exposure, social participation, training received, extension contact, marketing facilities, value orientation and management orientation had positive and significant relationship with the entrepreneurial behaviour of Kudumbashree NHG members. Further, the Multiple Linear Regression analysis showed that all the selected independent variables put together explained about 67.80 per cent variation in entrepreneurial behaviour of Kudumbashree NHG members. mass media exposure, extension contact, marketing facilities and management orientation were positively and significantly contributed to most of the variation in entrepreneurial behaviour of Kudumbashree NHG members.*

**Key words:** Entrepreneurship; Neighbourhood Groups (NHGs);

Rural women's entrepreneurship can contribute to economic growth in developing countries and clearly represents an untapped potential. Kudumbashree, the poverty eradication mission of the State of Kerala is a community based self-help initiative involving poor women. It has been envisaged as an approach to poverty alleviation focusing primarily on micro finance and micro-enterprise development and integrally linked to local self-government institutions. The primary unit of Kudumbashree is the Neighbourhood Group (NHG). The programme accomplishes its mission to economically strengthen poor women through the system of collective thrift accounts in the NHGs. Another side of economic empowerment is the setting up of micro enterprises with which the women can carry out various activities. Under the Kudumbashree programme, micro enterprise development will start with low capital, low risk and low profit at the initial stage. It expects that these enterprises will switch on to low to medium capital and then to low to medium risk. In an advanced stage, some of these enterprises can reach medium capital and medium profit with appropriate technology and market. Some of the thrust areas are Food Processing,

Handicrafts, Dairy Products, textile products and other fast moving consumer goods (FMCG). The present study is framed with an objective of studying the factors contributing to the entrepreneurial behaviour of NHG members as well as relationship between the selected profile characteristics and their entrepreneurial behaviour.

### METHODOLOGY

Palakkad district of Kerala was purposively selected as largest number of NHGs are reported from the district, according to the State Kudumbashree Mission. Three Taluks viz. Alathur, Ottappalam and Palakkad were selected randomly from the district. From each of these Taluks two villages were selected randomly, i.e. Kannadi and Kottayi from Alathur Taluk, Vaniyamkulam and Ambalappara from Ottappalam Taluk and Palakkad North and Pudukkottai from Palakkad Taluk, thus constituting a total of six villages. From each of these villages 20 respondents were randomly selected who are active members of the Neighbourhood groups, thus constituting a total of 120 respondents.

The variables were quantified by taking the frequency and percentage of respondents falling under a given statement. The dependant variable Entrepreneurial behaviour of the members are obtained by quantifying and then taking the frequency and percentage of response falling under the 10 components viz. decision making ability, innovativeness, managerial ability, achievement motivation, ability to coordinate the entrepreneurial activities, risk taking ability, information seeking, cosmopolitaness, leadership ability and knowledge of the enterprise. Entrepreneurial behaviour was operationally defined as the change in knowledge, skill and attitude of Kudumbashree Neighbourhood Group women towards the selected enterprise. The scale developed by Venkatramaiah (1991) was used with suitable modifications to measure the entrepreneurial behaviour.

A structured interview schedule was developed for the study and used to collect the response and face to face interview with the respondents was carried out to collect the data. Pretesting of the schedule was done by administrating the schedule to a group of 30 Neighbourhood Group members of different micro enterprises from Shornur Municipality region, which was a non sampled area. Statistical tools like Correlation and Multiple Linear regression were also used to deduce the results.

## RESULTS AND DISCUSSION

*Entrepreneurial Behaviour of the Members of Kudumbashree NHGs* : Data in Table 1 shows that majority (70.00%) of the respondents had medium entrepreneurial behaviour followed by high (15.83%) and low (14.17%) levels of entrepreneurial behaviour respectively. The possible reason for the above result might be that all of them are literate and middle aged and are willing to work hard for their livelihood. All of the respondents agreed that the Kudumbashree programme has paid rich dividends to their entrepreneurial behaviour like making them initiative, knowledgeable about bureaucratic things, diligent, industrious and nurtured their cooperative behaviour.

The obtained results are in conformity with the findings of Chidananda (2008) and Kiran et.al (2012) and Jaiswal et al. (2012).

*Relationship between SE and psycho. attributes and their entrepreneurial behaviour*: In order to study

**Table 1. Distribution of respondents according to their level of entrepreneurial behaviour (N=120)**

Category	No.	%	Mean	SD
Low (< 52.86)	17	14.17	62.81	9.95
Medium (52.86 to 72.76)	84	70.00		
High (> 72.76)	19	15.83		
Total	120	100.00		

**Table 2. Relationship between selected profile characteristics of respondents and their entrepreneurial behaviour**

Variable	'r' value
Age	-0.1078NS
Education	0.2675**
Income	0.3634**
Social participation	0.2417**
Mass media exposure	0.3346**
Training received	0.2433**
Extension contact	0.4544**
Market facilities	0.4701**
Management orientation	0.5637**
Value orientation	0.2012*
Credit Orientation	-0.0277 <sup>NS</sup>

\* : Significant at 0.05 level of probability

\*\* : Significant at 0.01 level of probability

NS : Non-significant

the nature of relationship between the socio economic and psychological attributes of NHG members and their entrepreneurial behaviour, correlation co-efficient were computed and the values are presented in Table 2. A perusal of these, reveals that age and credit orientation had non significant relationship whereas education, income, social participation, mass media exposure, training received, extension contact, marketing facilities, management orientation, and value orientation had positively significant relationship with entrepreneurial behaviour of members of Kudumbashree NHGs. The non significant relationship between age and the entrepreneurial behaviour ( $r = -0.1078$ ) supports the view that people who are more diligent and enthusiastic will work irrespective of their age. The present finding is in conformity with the finding of Suneetha (2003) and in the case of credit orientation the non significant relationship with entrepreneurial behaviour ( $r = -0.0277$ ) might be due to the fact that the already established enterprises are less dependent on formal and informal sources of credit. If needed most of the groups are taking

loan from their collective bank savings. This behaviour coupled with proper repayment of credit might have resulted in the non significant relationship.

Education ( $r = 0.2675$ ) brings about behavioural changes in an individual, contributes to his self development, change his knowledge about the ‘unknown so far’ areas and motivates him to try the untried ideas, which is essentially contributing to the entrepreneurial behaviour. Hence it is positively correlated. The results are in conformity with that of *Jaiswal et al. (2012)* and *Patel et al. (2004)*. In case of income, ( $r = 0.3634$ ) sustainable production opportunities and better chances to avail loans from various sources due to the better financial status causes significant and positive relationship.

The possible reason behind positive relationship ( $r = 0.2417$ ) between social participation and entrepreneurial behaviour might be due to the fact that it enables the entrepreneur to have more social contact which in turn gives him an opportunity to share and gain enormous experiences and valuable information. Similar results are reported by *Kiran et al. (2012)*. Awareness about various entrepreneurial opportunities and formal sources of assistance contributes to positive and significant relationship ( $r = 0.3346$ ) between mass media exposure and entrepreneurial behaviour. It is in conformity with the findings of *Lawrance and Ganguly (2012)*. In the case of training ( $r = 0.2433$ ) which is expected to have a direct bearing on the entrepreneurial behaviour, variety of technical skills and the confidence that training imparts results in significant positive relationship. The finding is in line with the finding of *Chidananda (2008)*.

Perusal of the Table 2 reveals a positive and significant relationship ( $r = 0.4544$ ) between extension contact and entrepreneurial behaviour. It may be due to the important informant role played by the extension agents and their role in legitimizing the decisions regarding to enterprise. Findings are in line with that of *Lawrence and Ganguly (2012)*.

Similarly in the case of marketing facilities, ( $r = 0.4701$ ), awareness about better disposal of their products, which enhance the entrepreneur’s confidence and willingness to carry out sustained production may be contributing to the positive relationship.

The observed trend of positive and significant correlation between management orientation and

entrepreneurial behaviour ( $r = 0.5637$ ) of respondents can be explained on the basis that one can make the enterprise a profitable one only by means of better management. It will enable the entrepreneur to optimize the production with the available resources.

Finally, the NHG women who are cosmopolite, liberal and hold scientific values will be enthusiastic and self driven to seek more information about advanced technologies which facilitates adoption of advanced production technologies thus contributes to better entrepreneurship. This may be the reason behind significant correlation ( $r = 0.2012$ ) between value orientation and entrepreneurial behaviour of respondents. Similar results are reported by *Kiran et al. (2012)*.

**Table 3. Multiple Linear Regression analysis of independent variables with the entrepreneurial behaviour of respondents.**

Variable	‘b’	SE	‘t’ values
Age	0.0570	0.065	0.8802
Education	1.0131	0.074	1.5018
Income	0.7106	0.491	1.4457
Social participation	-0.1271	0.442	-0.2871
Mass media exposure	0.7195	0.226	3.1790**
Training received	-0.0858	0.099	-0.8640
Extension contact	1.8617	0.297	6.2524**
Marketing facilities	0.4503	0.093	4.7960**
Management orientation	0.7563	0.102	7.3615**
Value orientation	0.2744	0.290	0.9459
Credit Orientation	0.4675	0.413	1.1300

Tabulated value of ‘t’ = 1.960 at 0.05 level and 2.576 at 0.01 level of probability;  $R^2 = 0.678$

\*Significant at 5% level of probability.

\*\*Significant at 1% level of probability.

*Combined Effect of all Independent Variables on the Entrepreneurial Behaviour :* Multiple Linear Regression analysis was carried out. The significant ‘R<sup>2</sup>’ value of 0.678 depicted that all the selected eleven independent variables put together explained about 67.8 per cent variation in the entrepreneurial behaviour of Kudumbashree Neighbourhood Group members. The partial regression coefficients presented in Table 3 further reveals that the independent variables viz. mass media exposure, extension contact, marketing facilities and management orientation are positively and significantly contributed to the most of the variation in entrepreneurial behaviour of members of Kudumbashree NHGs.

The members of NHG with high mass media exposure tend to have wide knowledge about various enterprises that can be taken up. They might be also getting much information on various sources of assistance, success stories of other enterprises as well as new initiatives of Kudumbashree for self employment. Hence the obtained result can be substantiated.

The Kudumbashree officials who are the major change agents, were playing such a catalytic role by identifying the felt needs of the respondents (lack of economic independency), motivate them to work for themselves by starting various microenterprises under the banner of Kudumbashree, so that they get organized very easily and can meet their needs collectively. Hence the extension contact is positively and significantly related to entrepreneurship. Good marketing facilities will facilitate purchase of inputs of good quality from nearby sources and selling of the products at economic prices. Further it will ensure assured markets for the products produced. Hence there is a positive and significant relationship.

## CONCLUSION

Built around three critical components, micro credit,

entrepreneurship and empowerment, the Kudumbashree initiative has today succeeded in addressing the basic needs of the less privileged women, thus providing them with a more dignified life and a better future. It has succeeded in harnessing the entrepreneurial potential of rural women folk for their own development through collective action. Unlike the self help groups which are much dependent on external sources of credit which ultimately make them unviable, the neighbourhood groups are less dependent on external sources of credit making it self sustaining, which is evident from the non significant relationship between entrepreneurial behaviour and credit orientation. The variables like mass media exposure, extension contact, marketing facilities and management orientation are positively and significantly contributed to the most of the variation in entrepreneurial behaviour of members of Kudumbashree Neighbourhood Groups. So these variables should be given proper attention while framing any training or developmental programmes intended for the NHG members.

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