

## **INFLUENCE OF MICROFINANCE SERVICES ON WOMEN BUSINESS PERFORMANCE IN VILLUPURAM DISTRICT**

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### **ABSTRACT:**

**Microfinance is defined as a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. The sample size of the research was 50 women entrepreneurs. Simple random sampling technique is used. The analysis discovered that there is influence of microfinance training and microfinance loan on women business performance. It is also identified there is influence of women business performance on growth of small business enterprises. Hence, it is concluded that the microfinance institutions many schemes to support women's entrepreneurship but the awareness on those programs among the women entrepreneurs are not up to the appreciable level. The gap between the government policy and its implementation will be reduced with the help of appropriate promotional measures. Hence, the training authorities are advised to perform many awareness programs to develop the awareness on the different government schemes related to the women entrepreneurs.**

**Keywords: Microfinance Training, Microfinance Loan, Women Business Performance and Growth of Small Business Enterprises.**

### **INTRODUCTION:**

Microfinance is not a new concept. It is dates back in the 19th century when money lenders were informally performing the role of now formal financial institutions. The informal financial institutions constitute; village banks, cooperative credit unions, state owned banks, and social venture capital funds to help the poor. These institutions are those that provide savings and credit services for small and medium size enterprises. They mobilize rural savings and have simple and straight forward procedures that originate from local cultures and are easily understood by the population. These funds are to finance the informal sector SMEs in developing countries and it is known that these SMEs are more likely to fail. The creation of SMEs generates employment but these enterprises are short live and consequently are bound to die after a short while causing those who gained job positions to lose them and even go poorer than how they were. It should be noted that microfinance is not a panacea but it is a main tool that foster development in developing countries. It is known worldwide that the poor cannot borrow from the banks do not lend to them because they do not have what is required to be granted a loan or to be provided with the bank services. The lack of financial power is a contributing factor to most of the societal problems. These problems emanate from poverty and it is known that with poverty one is bound to suffer

so many consequences ranging from lack of good health care system, education, nutrition, Microfinance has proved this bank concept to be wrong. They target the poor who are considered risky but the repayment rate turns to be positive as compared with the regular commercial banks. Microfinance is defined as a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. It is mostly used in developing economies where SMEs do not have access to other sources of financial assistance. Social intermediation services such as the formation of groups, development of self-confidence and the training of members in that group on financial literacy and management. The articles try to identify the influence of microfinance services on women business performance in Villupuram District.

#### **REVIEW OF LITERATURE:**

Normaizatul, et al. (2018) analyzed that the entitled on "Determinants of Women Entrepreneurs' Performance in SMEs." The research identified that there is influence of educational status, cultural and working capital on women entrepreneur' success and women entrepreneur' performance. The research recommended that the women entrepreneurs should be give same action as male entrepreneurs in order to guarantee their high participation in these business enterprises.

Kowo Solomon Akpoviroro (2018) discovered that the external business environment such as economic, political, technological and socio cultural etc. have impact on organizational performance. The research suggested that the organization should recognize the propositions of organizational performance of their business

activities in order to identify, threats and opportunities to their business organization.

Khatijah Omar (2017) demonstrated that personality has a significant influence on business performance.

William R. Forrester and Armen Tashchian (2017) identified that there is influence of Team effectiveness, team effort and team work satisfaction on diversity and team work performance with respect to personality. The research also identified that there is influence of personality elevation on performance among students.

Getamesay Worku Mulat (2017) revealed that high cost to acquire new technology, expensiveness of the rent cost of the shop, lack of market information, lack of skill to adopt new technology, high collateral requirement for banks, inadequacy of credit institutions and high interest requirement for banks, other lending institutions and decision making problem, other lending institution and the problem of using various legal benefit to enlarge the business are variables that are significant and have influence on women entrepreneurs' business performance.

Bureau, et al. (2012) the assertion that Microfinance institutions aim to extend microloans and other services to clients who typically lack adequate capital, the needed collateral, steady employment and a certifiable credit history to qualify them to secure credit from formalized financial institutions.

Khavul (2010) Microfinance institutions for the purpose of this study, was limited to semi-formal financial institutions which are set up by private individuals as a business entity to deal directly with the poor and SBs in their immediate environment to help promote individuals and economic growth through market-driven business creativities.

Asiama and Osei (2007) were of the opinion that the objectives of the springs-ups microfinance institutions are based on the fact

that the poor need access to productive financial services to improve their conditions of life. This is because they believe and hold to the objective that, the poor also have the capability to use funds effectively to generate income, earn profit, re-pay borrowed funds and engage in savings to sustain future business and life conditions.

Khawari (2004) Microfinance is a universal term that refers to the delivery of extensive variety of services including deposits, loans, payment services, money transfers and insurance to poor and low-income households to grow their small enterprises to help develop the individuals.

### RESEARCH METHODOLOGY:

Descriptive research design has been used this research work. The descriptive research design attempts to explain the activities of the employees in relation to an exacting practice or ethnicity of meaning.

### Framework of the Research:

It was used to identify the influence of dimensions' role of microfinance such as microfinance training and microfinance loan. Business performance is considered as dependent variable. Growth of small business enterprises is considered as outcome variable.

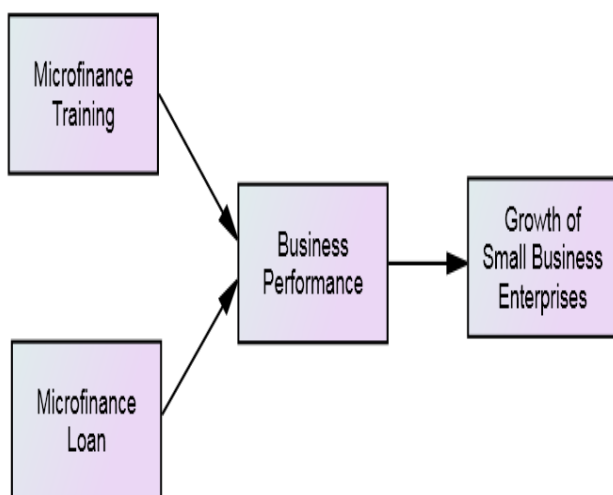


Figure 1: Framework of the Research

### OBJECTIVES OF THE STUDY

- To study the influence of microfinance training and microfinance loan on women business performance.
- To know the influence of women business performance on Growth of small business enterprises.

### Hypotheses of the Study

- There is no influence of microfinance training and microfinance loan on women business performance.
- There is no influence of women business performance on Growth of small business enterprises.

### Questionnaire Construction:

Table 1: Reliability of the Research

S.No.	Variable	Reliability	Author
1	Microfinance training	0.78	Self Development
2	Microfinance loan	0.88	
3	Business Performance	0.92	
4	Growth of small business enterprises	0.88	

The data collection tools are developed by the researcher. For all the statements of the questionnaire construction the alpha was ranged from 0.78 to 92. This reliability value indicates that high reliability of the statements of the questionnaire.

### Area of sample and justification:

Villupuram district have been selected for this research as area of sampling. Hence, there is a required to defend and expand the women entrepreneurs. By understanding this, women business performance and growth of small business enterprises are judged for the research.

**Sampling design:**

The sample comprises the women entrepreneurs in Villupuram district of Tamilnadu. Sample size of the research is 50 women entrepreneurs.

**Sampling technique:**

Sampling technique presents a range of techniques that allow decreasing the amount of data wanted to collect by believing only data from a subgroup pretty than all probable cases or rudiments. Simple random sampling technique of probability sampling method was followed to collect the primary data for the research.

**Toll for data analysis:**

Path analysis was used for data analysis. It was used to identify the influence of dimensions role of microfinance such as microfinance training and microfinance loan. Business performance is considered as dependent variable. Growth of small business enterprises is considered as outcome variable.

**ANALYSIS AND INTERPRETATION:**

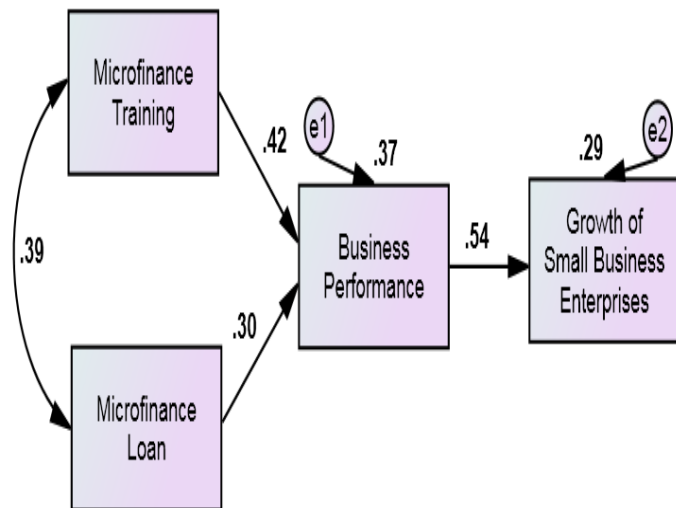


Figure 2: Path analysis of role of microfinance on women business performance

Table 1: shows Model Fit Indication

Indicators	Observed Values	Recommended Values (Premapriya, et al. 2016)
Chi-Square	3.684	---
p	0.232	Greater than 0.050
GFI	0.901	Greater than 0.90
AGFI	0.993	Greater than 0.90
CFI	0.991	Greater than 0.90
NFI	0.989	Greater than 0.90
RMS	0.021	Less than 0.080
RMSEA	0.001	Less than 0.080

Source: Primary data

From the model fit table, it is identified that the chi-square value was 2.340. The p value was greater than five percent level. The AGFI and GFI values were bigger than 0.90 and also recommended by Saminathan, et al. (2019). The calculated NFI and CFI values were bigger than 0.90 and also recommended by and Kantiah Alias Deepak and Velaudham (2019); Velaudham and Baskar (2015). It was found that RMSEA and RMS values were less than 0.08. The above pointers indicate that it was completely fit Velaudham and Baskar (2016)<sup>18</sup>.

Table 2: Regression Weights

DV		IV	Estimate	S.E.	C.R.	Beta	p
business performance	<---	microfinance training	0.570	0.054	10.504	0.423	0.001
business performance	<---	microfinance loan	0.519	0.069	7.496	0.302	0.001
growth of small business enterprises	<---	business performance	0.300	0.022	13.731	0.540	0.001

Source: Primary data

**H<sub>0</sub>:** There is no influence of microfinance training on women business performance. Influence of microfinance training on women business performance calculated value of CR is 10.504. The Beta value was 0.423. The beta value indicates that 42.3 percent of influence is through microfinance training towards women business performance. The p value was 0.001. The p value was less than 5% and the hypothesis was rejected. Hence, it can be concluded that the microfinance training

influences women business performance among women entrepreneurs in Villupuram district.

**H<sub>0</sub>:** There is no influence of microfinance loan on women business performance.

Influence of microfinance loan on women business performance calculated value of CR is 7.496. The Beta value was 0.302. The beta value indicates that 30.2 percent of influence is through microfinance loan towards women business performance. The p value was 0.001. The p value was less than 5% and the hypothesis was rejected. Hence, it can be concluded that the microfinance loan influences women business performance among women entrepreneurs in Villupuram district.

**H<sub>0</sub>:** There is no influence of women business performance on growth of small business enterprises.

Influence of women business performance on growth of small business enterprises calculated value of CR is 13.731. The Beta value was 0.540. The beta value indicates that 54 percent of influence is through women business performance towards growth of small business enterprises. The p value was 0.001. The p value was less than 5% and the hypothesis was rejected. Hence, it can be concluded that the women business performance influences growth of small business enterprises among women entrepreneurs in Villupuram district.

#### **FINDINGS:**

- The analysis discovered that there is influence of microfinance training and microfinance loan on women business performance.
- It is also identified there is influence of women business performance on growth of small business enterprises.

#### **RECOMMENDATION:**

It is identified that there is influence of microfinance loan and microfinance training on women business performance. The microfinance institutions many schemes to support women's entrepreneurship but the awareness on those programs among the women entrepreneurs are not up to the appreciable level. The gap between the government policy and its implementation will be reduced with the help of appropriate promotional measures. Hence, the training authorities are advised to perform many awareness programs to develop the awareness on the different government schemes related to the women entrepreneurs.

#### **CONCLUSION:**

Microfinance is defined as a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. The sample size of the research was 50 women entrepreneurs. Simple random sampling technique is used. The analysis discovered that there is influence of microfinance training and microfinance loan on women business performance. It is also identified there is influence of women business performance on growth of small business enterprises. Hence, it is concluded that the microfinance institutions many schemes to support women's entrepreneurship but the awareness on those programs among the women entrepreneurs are not up to the appreciable level. The gap between the government policy and its implementation will be reduced with the help of appropriate promotional measures. Hence, the training authorities are advised to perform many awareness programs to develop the awareness

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