

# Group-Based Enterprises as a catalyst for Empowering Rural Women Entrepreneurs: An Empirical Perspective

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## Abstract:

This research paper explores how group-based enterprises contribute to the empowerment of rural women entrepreneurs focusing on their influences on income growth, profitability and asset accumulation. A quantitative approach was employed, surveying 100 rural women respondents. The study shows the relationship between enterprise characteristics such as group size, training, and credit access, frequency of meetings and technology adoption with income growth, profitability and asset accumulation by applying regression analysis. It also finds that access to credit stands out as the most indicator and strongest determinant across all the study analysis, while group size strengthening social network but have marginal impact on profitability. The study also reveals that group-based enterprises when supported with adequate financial, technical and institutional facilities, they will grow with innovative and effective way which enhances their empowerment. The study recommends policies that expands women's access to credit through microfinance system, developing capacity building programs, and adoption of new technology. Both secondary and primary data are used for the study. Multistage random samplings are used where there is necessity.

**Keywords:** Entrepreneurship, empowerment, impact, network, Institutional.

## 1. Introduction

The growth of any nation relies on its productive activities and entrepreneurial spirit can play a vital role in driving this progress. A woman entrepreneurship is a recent phenomenon, not only contributes to economic growth but also generates several positive outcomes (Gulvira et al., 2024). Traditionally our mind is in favor of male entrepreneurship and there is tendency to ignore the positive outcome of women in business venture (Liñán et al., 2022). As entrepreneurship among women is an important component for holistic solution. Entrepreneurship is considered to be a crucial driver of inclusive growth and development of a country as it helps in generating employment opportunities, reduce poverty (Apetu et al., 2024). Micro enterprises serve as a powerful tool for social and economic progress. It has emerged as an important agenda for empowering poor woman (Ogbari et al., 2024). These small entrepreneurs are vital component of strategies aimed at ensuring inclusive and balanced development, especially for women from downtrodden background. In rural area women's involved in agro-based activities is far but their contribution hidden under the label of daily chores (Acharya, 2021). Rural women possess both human and material resources, innovative

thinking's and proper motivation quality which make them successfully to run enterprises. Entrepreneurship thus emerges as viable solution to the rising employment among rural youth, generating work opportunities within their own communities (Sumberg et al., 2021).

Women entrepreneurs play major role in strengthening local economies and in many developing countries they represent a substantial portion of micro-enterprise driving economic transformation and grassroots development. India envisions a future where women are independent and self-reliant (Mani et al., 2023). Various National schemes and policies, programme has constructed focusing group-based enterprises. SHGs are the small group based enterprise marking the beginning of a significant process of women empowerment (Vasishtha & Singla, 2025). There is growing recognition that women should be empowered with contemporary skill and vocational training to ensure economic independence. Women's empowerment can also be constructed by increasing their awareness, knowledge skill and technological efficacy, which in turn enhances to the inclusive development of the society (Aslam et al., 2024). Thus the concept of SHGs has emerged as an effective tool for these purposes. The study discussed the role of SHGs in women entrepreneurship development and find out the approach available for the small group based enterprises.

### **Review of Literature**

Number of studies has been conducted to perceive the relationship between enterprise characteristics and rural women empowerment. These are:

According to, (Andriamahery & Qamruzzaman, 2022) empowering women financially and increase the overall development of the country. Apart from financial aid women entrepreneurs are also supported through products, skill, and entrepreneurs training. Encouraging women involvement in entrepreneurship becomes one of the main agenda in economic empowerment in (Agrawal et al., 2023) stated that the entrepreneurs have positive attitude to avoid risk, fear of loss in entrepreneur's business and it may also enhance growth of business venture. Self-control and balancing nature play vital role in gaining their success of entrepreneurs (Hofmann, 2024). Besides these, family and social support system are playing vital role to bring entrepreneurs success. The motivation forces for women to pick up their own entrepreneurial venture being from emotional need i.e. self-satisfaction. It is said that there should be effort from all sector to encourage the economic participation of women and the country should focus their challenges and build more support system for encouraging more entrepreneurs among women (Gilman, 2023). However in society, women are typically more skill to deal with community and wellbeing. Compared to men women are more committed the forging and maintaining relationship. Some women may enter business for altruistic reasons. Several studies have conducted to identify factors affecting women entrepreneurs in rural area, thus indicated a range of items as determinants factors influencing women entrepreneurial performances showed demographic factors, social factors economic condition are crucial factors that affect entrepreneurial performances (Dsouza & Panakaje, 2023; Khan et al., 2021).

### **Objectives**

- To study the demographic profile of women entrepreneurs in SHGs.
- To analysis the relationship between enterprise characteristics with income growth, profitability and asset creation.
- To provide recommendation for policymaker, educators and organization to support rural women entrepreneur.

## Methodology

The study uses both quantitative and qualitative approach to explore the enterprise characteristics like group size, training, credit access, frequency of meetings and technological adoption influence on business growth among rural women entrepreneurs. The study has taken 100 respondents from selected Self Help Groups in the study area and interviewed through pre-tested structured questionnaire. The 100 sample is selected by using stratified random sampling method. A multiple regression analysis is used to examine the relationship between enterprise characteristics with income growth, profitability and asset accumulation. The research paper is also based on both primary and secondary data.

## Results and Discussion

### Demographic Profile of Respondents

The demographic profile of 100 respondents is shown in table 1. It is clear from the table that 42% of respondents belong to the age group of 36–45 years, followed by 28% of respondents belonging to above 45 years, and only 6% belong to 25 years and below. It is also observed that 70% of respondents are from nuclear families and 30% of respondents are from joint families. Regarding type of business, 70% of respondents were engaged in food production–related business, followed by 20% of respondents involved in trading–related business, and 10% of respondents were engaged in other activities. It is envisaged that group-based enterprise has had a profound influence, and served as a source of borrowing. Self-owned were 35%, spouse/friends 33%, bank 9%, and others 23%.

**Table 1: Demographic Profile of Respondents Engaged in SHG Business**

Particulars	Frequency of Respondents	Percentage (%)
<b>Age of Respondent</b>		
Below 25 years	06	06.0
25 – 35 years	24	24.0
36 – 45 years	42	42.0
Above 45 years	28	28.0
<b>Type of Family</b>		
Joint	30	30.0
Nuclear	70	70.0
<b>Economic Category</b>		
BPL	60	60.0
APL	40	40.0
<b>Type of Business</b>		
Production	70	70.0
Trading	20	20.0
Others	10	10.0
<b>Source of Borrowed Fund</b>		
Self	35	35.0
Spouse/Friends	33	33.0
Bank	09	09.0
Others	23	23.0

Source: Author's calculation

### Characteristics Affecting Income Growth, Profitability, and Asset Accumulation of Group-Based Enterprises

The characteristics of group-based enterprises play a significant role in shaping their income growth, profitability, and asset accumulation. Enterprise income growth refers to the expansion of a business, resulting from an increase in production, sales, and group size where as profit includes business growth by achieve in higher productivity and expansion of operations. If they reduce operational cost and maximize their production output, it can grow their profitability. Lastly, asset accumulation increases when enterprises enhance their saving habits. These characteristics aren't only empower their financial strength but also lead to long-term socio-economic empowerment of the group members.

### Relationship between Enterprise Characteristics with Income Growth, Profitability, and Asset Accumulation

To find out the relationship between enterprise characteristics with income growth, enterprise profitability, and asset accumulation, we use a linear regression model. The model envisages the impact of various characteristics on the income growth, profitability, and asset accumulation of rural women enterprises in group-based enterprises. Here, an attempt is made to explain the linear regression model by taking various dependent and independent variables.

### Relationship between enterprise characteristics with income growth

The regression model for the relationship takes the following form:

$$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where,  $Y_1$  = Income growth,  $\beta_0$  = Intercept term,  $\beta_1$ – $\beta_5$  = Regression coefficients,  $X_1$  = Enterprise size,  $X_2$  = Training,  $X_3$  = Credit access,  $X_4$  = Frequency of meeting,  $X_5$  = Technology adoption,  $\varepsilon$  = Error term

To examine the relationship between enterprise characteristics and income growth, we specify the above regression model. Here the regression model examines the impact of group size, training, credit access, frequency meeting and technology adoption on income growth.

**Table 2: Regression Coefficients for Income Growth**

Variable	Coefficient	Std. Error	t-value	p-value	Effect
Group size	0.35	0.10	3.50	0.001	Positive,
Training	0.80	0.25	3.20	0.002	Strongly positive,
Credit access	0.45	0.15	3.00	0.003	Positive,
Frequency of meeting	2.10	0.80	2.63	0.009	Significant
Technology adoption	1.85	0.75	2.45	0.014	Significant

Sources: Author's Calculation

The regression analysis indicates that larger group size, training, and credit access have a positive impact on income growth performance of women entrepreneurs. Training with coefficient .80, p-value 0.002 strongly boosts women entrepreneurs in business.

Creditaccesses with coefficient 0.45, p-value .003 have also positive impact on income growth. It shows that micro-credit leads to entrepreneur's profitability. But technology adoption with coefficient 1.85, p- value 0.14 have significantly enhance income growth

### Relationship between enterprise characteristics with profitability

The regression model for the relationship takes the following form:

$$Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where  $Y_2$  =profitability,  $\beta_0$ = Intercept term,  $\beta_1$ – $\beta_5$ = Regression coefficients,  $X_1$ = Enterprise size,  $X_2$ = Training,  $X_3$ = Credit access,  $X_4$ = Frequency of meeting,  $X_5$ = Technology adoption,  $\varepsilon$  = Error term

To examine the relationship between enterprise characteristics and profitability, we specify the above regression model .Here the regression model examines the impact of group size technology adoption, creditaccess, frequency meeting and Training on profitability

**Table 3: Regression Coefficients for Profitability**

Variable	Coefficient	Standard Error	t-value	p-value	Effect
Group Size	0.20	0.10	2.10	0.050	Marginal
Training	0.65	0.20	3.25	0.002	Strongly positive
Credit Access	0.55	0.18	3.06	0.003	Strongly positive
Frequency of Meetings	1.95	0.75	2.60	0.010	Significant
Technology Adoption	2.25	0.90	2.50	0.014	Significant

Sources: Author's calculation

This regression analysis explains the variation in profitability among enterprises. Training with a coefficient of 0.65 and a p-value of 0.002, and credit access with a coefficient of 0.55 and a p-value of 0.003, are strong indicators of profitability. Group size, with a coefficient of 0.20 and a p-value of 0.050, shows a marginal effect on profitability. Technology adoption, with a coefficient of 2.25 and a p-value of 0.014, emerges as the most significant contributor.

### Relationship between Enterprise Characteristics with Asset Accumulation

The regression model for the relationship takes the following from:

$$Y_3 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

$Y_3$  =Asset Accumulation ,  $\beta_0$  = Intercept term,  $\beta_1$ – $\beta_5$  = Regression coefficients,  $X_1$  = Group size,  $X_2$  = Training,  $X_3$  = Credit access,  $X_4$  = Frequency of meeting,  $X_5$  = Technology adoption,  $\varepsilon$  = Error term.

To examine the relationship between enterprise characteristics on asset accumulation, we specify the above regression model. Here the regression model examines the impact of group size technology adoption, credit access, frequency meeting and Training on asset accumulation.

**Table 4: Regression Coefficients for Asset Accumulation**

Variable	Coefficient	Std. Error	t-value	p-value	Effect
Group size	0.40	0.13	3.08	0.003	Positive,

Training	0.50	0.22	2.27	0.024	Significant
Credit access	0.95	0.30	3.17	0.002	Strongly positive
Frequency of meeting	1.20	0.45	2.67	0.009	Significant
Technology adoption	0.75	0.28	2.68	0.008	Significant

**Source:** Author's calculation

The regression analysis shows that the predictor of the asset accumulation. Credit access with a coefficient of 0.95 and a p-value 0,002 shows the strongest predictor of asset accumulation but group size with a coefficient of 0.40 and p-value 0.003 have positive impact on asset accumulation. Frequency meeting and technology adoption with p-value 0.010, 0.014 remarks significant impact on asset accumulation.

### Conclusion

The study shows that collective entrepreneurs significantly empowers rural women by enhancing the income ,profitability and asset accumulation .Among all the predicators credit access and training are the strongest driver for income growth ,profitability and asset accumulation.Group size strengthening social network but have marginal impact on profitability.Frequency meeting and technological adoption have significant impact on income growth, profitability and asset accumulation. The study finally concluded that women entrepreneurs in group- based enterprise, especially in SHGs would be grateful, if so minor issues like proper meetings, use of new technology and group size overcome timely.

### Policy Implication

- Since most group-based enterprises have female-oriented, policies should involve gender sensitive training, leadership quality, development of interaction and co-operation.
- Develop participatory monitoring system, so group can evaluate their own income growth, profitability and asset accumulation.
- Long-term financing and insuring scheme for small enterprises should be provided by government, by which rural women entrepreneurs reduce risk of asset losses.

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