

# Self Help Groups: A Mechanism for Social Entrepreneurship

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**Abstract:** *It may be rural or urban economy, the social entrepreneurship is need of the day in the present world. Social entrepreneurship maybe profit or nonprofit oriented but the goal is to involve the members of the society in the efforts of the all-round progress of the country. Self Help Group is one such mechanism which tries to promote social entrepreneurship in different dimensions. Even today major part of Indian population is concentrated in rural area and they are still believe and follow a number of customs and traditions. In such condition to initiate social entrepreneurship one has face a number of hurdles and Challenges. The major objectives of building participatory institutions of the poor such as SHGs is to provide the members with an opportunity and the space to develop a vision/mission, to develop and maintain organisational and financial management systems, to grow in confidence and skills to manage their lives and promote their interests in the private and public domains, to establish the linkages required for an institution to function effectively and sustainably, and to support its members to become agents of social change. SHGs are highly supportive in a number of ways to develop social entrepreneurship and come over the hurdles in their way. Thus, definitely, SHG's can be one of the mechanisms to promote social entrepreneurs.*

**Keywords:** social entrepreneurs, SHG, mechanism, hurdles, skills Attitudes

## 1. Introduction

It may be rural or urban economy, the social entrepreneurship is need of the day in the present world. Social entrepreneurship maybe profit or nonprofit oriented but the goal is to involve the members of the society in the efforts of the all-round progress of the country. Self Help Group is one such mechanism which tries to promote social entrepreneurship in different dimensions.

The origin of SHGs is from the brainchild of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus. SHGs were started and formed in 1975. In India NABARD had initiated in 1986-87. But the real effort was taken in 1991-92 from the linkage of SHGs with the banks. A SHG is a small economically homogeneous affinity group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group SHGs are working in democratic manner. The upper limit of members in a group is restricted to 20. The group members meet every week. They discuss about the group savings, rotation of sangha funds, bank loan, repayment of loan, social and community action programmes. (G. Vijaya Bharathi and S.Masthani-2014)

Entrepreneurship is an innovative, highly-motivated, and critical thinking process. When these attributes are combined with the drive to solve social problems, a Social Entrepreneurship is born. Social entrepreneurs combine commerce and social issues in a way that improves the lives of people connected to the cause. They don't measure their success in terms of profit alone – success to social entrepreneurs means that they have improved the world. Thus, social entrepreneurs are very much needs to prosper the society. This paper tries to find how SHGs can contribute social entrepreneurship.

## 2. Objectives

- 1) To know the factors, need to encourage social entrepreneurs.
- 2) To study the problems faced by upcoming social entrepreneurs.
- 3) To understand how SHGs can be supporting instrument to social entrepreneurs.

## 3. Hurdles in the way of a Social Entrepreneur

Even today major part of Indian population is concentrated in rural area and they are still believe and follow a number of customs and traditions. In such condition to initiate social entrepreneurship one has face a number of hurdles and Challenges. It is better to discuss such hurdles in the beginning.

### 1) Lack of Education and work background:

As education is the main source for promoting entrepreneurship in the business sector of the economy, there is still a lack of adequate education on entrepreneurship development in the Indian education system and they don't have such entrepreneurship work background also. Even business schools that have developed curriculum on entrepreneurship are lacking in terms of social entrepreneurship. This lack of social entrepreneurship knowledge presents a major challenge for social enterprises.

### 2) Self identity and social status:

In Indian society, illiterates, being a women and social stratification caused a big hurdle in the development of entrepreneurship. Majority are still struggling for self identity and social status.

**3) Family occupation and Family tie ups**

Majority want to continue their family occupation rather than new venture and efforts. They feel that such steps may end with failures. Thus, low ability to bear risk.

**4) Lack of Financial Assistance**

Lack of financial sources is a major challenge for the Indian entrepreneur. Generally, the social entrepreneurs run their business with their own funds or by raising funds from the local money lenders at a high rate of interest, which sometimes becomes a financial burden on them. The reason behind this is the bank's avoidance to providing loan facilities for social entrepreneurs given the various social complications attached with them. Hence the social enterprises have to deal with the challenge of facing a hostile reaction from financial institutions and governments as far as funding is concerned. This forces social entrepreneurs to take, what can be, a more difficult path of approaching venture capitalist and philanthropic organizations.

**5) Social and Cultural Effect**

In India, the social and cultural perception of social entrepreneurship sometimes becomes a challenge for social entrepreneurs in running their business activities.

**6) Comparative disadvantages to business**

Social entrepreneurs mainly deal with the difficult task of improving the welfare of the society and they are always keen to find affordable solutions to various societal problems. But every activity of social business carries a cost, which is mostly borne by the owner out of his own pocket or by taking loans from money lenders. Social entrepreneurs are not necessarily working in a lucrative market; they identify a problem within society and try to find affordable solutions for them. Once they find the way to earn some profit after providing the best low cost solution to the needs of the society, more traditional businesses will enter the market competing with a similar solution and technique, increasing transaction costs and competition for social entrepreneurs and hampering their future growth.

**7) Lack of Government support**

Lack of government support is a major hindrance for social business development in India. Currently, the government is not show much interest in providing assistance for promoting these social cause ventures. The government's policies and regulations for social entrepreneurs are very complex and strict.

Here we need to find solution to such problems in SHGs.

**4. Self Help Groups: Paving the way for Social Entrepreneurship**

The major objectives of building participatory institutions of the poor such as SHGs is to provide the members with an opportunity and the space to develop a vision/mission, to develop and maintain organisational and financial management systems, to grow in confidence and skills to manage their lives and promote their interests in the private and public domains, to establish the linkages required for an institution to function effectively and sustainably, and to support its members to become agents of social change. SHGs are highly supportive in a number of ways to develop

social entrepreneurship and come over the hurdles in their way. Here we present a few functions and activities of the SHG's. which help SHG's members to enter in to social entrepreneurships.

**1) Literacy/ Education and Skills**

Education and skills go hand in hand. Self help groups through training and other activities create awareness among members which add to members skills and education in the concerned area.

**2) Awareness about Voicing Your Concern**

Voice of the neglected section of the society always undermined if they don't have knowledge and know their rights. Particularly, women's, OBC and SC/STs are more suppressed section in the society. SHG's provide a platform to understand their rights and duties.

**3) Decision Making ability**

In a family and society different type of decision relating to different aspect has to be taken and every time all members may not be given chance to express their opinion, but the members of SHG's groups are guided and trained to in such a way that they are capable to right decision at right time.

**4) Positive Changes in Attitudes**

'Attitudes' always differs the development of a person, community and even the country. Thus whatever may be the activities; it should have positive impacts on the attitudes of the people. The interesting thing is after becoming the member of a Self-Help Group majority members developed positive attitudes in their life. The activities, training, rallies, community works etc. in the SHG's develop positive attitude in the members.

**5) Self-Confidence level**

Of course, one of the main works of SHG's, is building self confidence among the members thereby encourage them in their work and life.

**6) Mobility and Interaction with outsiders**

It is a difficult task, particularly women community, in rural area to move from one place to another place for the purpose of job or enterprise, it may be because of traditions, customs etc but the members of SHG could move to outside the village also if the works need it. Thus, when mobility chances are more than their improvement in Socio-Economic status also possible in different dimension

**7) Improvement in Courage to Face Problems and Business Knowledge**

Improvement in the courage to face the problem is also sure among the members of self-help group. Training, orientation and other activities in the self-help groups brings courage among members to face the problems. Developing the business knowledge is another area of self-help groups. The members of self help groups are exposed to different type of micro enterprise which they can take interest.

**8) Participation in the Community Development Initiatives**

Self Help Group as a unit or Self-Help Group members participate eagerly in the community development initiatives in and around their own community. This participation is not

mandatory to become the member of self help group, but because of the exposés and training they get in the group, they voluntarily come forward take the initiatives in such works

### 9) Financial Support

Along with personality development and different types of assistance the self Help groups most importantly extend sound financial support to its members to start any type of business ventures

## 5. Conclusion

SHG's are by their activities and supports to their member help to overcome the hurdles in the way of social entrepreneurs, particularly in rural India, generally everywhere. Thus, definitely, SHG's can be one of the mechanism to promote social entrepreneurs.

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