



International Journal of Economic Research

ISSN : 0972-9380

available at <http://www.serialsjournals.com>

© Serials Publications Pvt. Ltd.

Volume 14 • Number 16 (Part 3) • 2017

Market Orientation as a Tool for Performance: Some Evidences from Self-Help Groups (SHGs) in TamilNadu, India

Badrinath.M.N¹, K.T. Rangamani² and R. Venkatesh³

¹Research Scholar, VIT Business School, Chennai - 600127. Email: badnath@gmail.com

²Senior Professor, VIT Business School, Chennai - 600127. Email: ktrangamani@vit.ac.in

³Professor, VIT Business School, Chennai – 600127. Email: Venkatesh.r@vit.ac.in

ABSTRACT

Objectives: The aim of this paper is to closely examine and the study the dimension of Marketing orientation on Performance of Self Help Groups (SHGs) and to establish a relationship if any between these two vital constructs.

Method and Statistical Analysis: The paper has adopted a cross sectional design and uses basic inferential statistical tools like t-test and ANOVA to confirm the set hypothesis. Survey method was followed to capture data from 132 SHGs belonging to two clusters in the Cuddalore Dist, Tamil Nadu. The paper provides empirical insights into the functioning of SHGs at present and the need for Market orientation, in the absence of which makes SHGs unsustainable.

Findings: The evidences show clearly SHGs that have market orientation have revealed better performance. Therefore we are able to establish a positive relationship between market orientation and performance the SHGs. Rope making and doll making are two clusters we considered for data capturing. It was found that both the clusters respond differently to the dimensions of market orientation and business performance. It could possibly be due to the sophistication of their endeavours. Doll making activity compared to rope making require more skills and investment. Hence, there is a significant difference in the performance levels and their attitude towards market orientation of the two clusters.

Application / Improvements: The research indicates the emphasis to be laid on market orientation to improve performance. In the age of web technologies, SHGs can look at digital environment on the web as another channel that can improve their sales bottom lines.

Keywords: Market Orientation, Business Performance, Self Help Groups SHGs.

1. INTRODUCTION

Technology has almost created miracles in the world of banking and other financial services. In the late 1990's, the Government of India propagated the idea of inclusivity with respect to availability of credit for the people of India. Subsequent Governments, no matter to which political affiliation they belonged to, were pursuing this ideal vigorously. We are at a time where the financial inclusion is a buzz word in India¹. Financial Inclusion is an idea where the financial services that include savings, credits, Insurance etc are available to citizens of any country, in a manner which is convenient and importantly at an affordable cost². This idea of financial inclusion is taken in a most innovative and ingenious way to the rural hamlets of India. The financial mechanism which is born of social intermediation is the Self Help Groups (SHGs). The central idea behind self-help is that it's the best help and self-employment stands to be the best employment. Poverty and unemployment have positive correlation to one another, and they are dangers to peace and prosperity world over. Previous studies have clearly indicated the shortcomings of individual contribution to their wellbeing, and effective groups can moderate and modify the livelihood of poor people. The group ensures collective decision making, collective perceptions and risks are collectively mitigated. Some of the studies have illustrated how poor people are often misguided and stand exposed to all kinds of hazards due to lack of information and education. This can be mitigated when people learn to operate out of groups. Early studies in the area of microcredit have established beyond question the utility and power of small credit lines, for poor on a non-collateral basis. Hence, the vicious cycle of poverty must be broken through financial intervention. This has been effectively carried out in the past two decades of Self-help group formation. Participation of community based organizations at the grass root level is very important in the race to sustainability of such programmes. Though the credits have had far reaching effects on improving the livelihoods of members, however, there are some areas forgotten leading to non-sustainability of the groups. There are some key problem areas which the underprivileged are forced to encounter. These can be summarized as information, resource and technology skills and their lack. The poor are weak in these areas, and the scale of operations, notwithstanding the area of economic activity pursued by them are very small. There are market and climatic uncertainties these groups face, pushing them to the verge of non activity and defunct. There are additional and unforeseen demands that suck credit lines available to members, and extra income due to dampened market demand is out of question, leading to credit trap³.

1.1. Credit versus Market Linkages

It all started as village development groups, piloted by various NGO's. Most important among them was the MYRADA. They were then called as Credit management groups (CMGs) which were later renamed as SHGs⁴. The SBLP – SHG Bank Linkage program was a significant milestone in providing free flowing credit with minimum hassles to the group members. First two years saw linking of just about 620 SHGs and they grew well to bring within its fold close to about 2.23 million SHGs. As on March 2011, 97 million families are being covered by the SBLP financial services (NABARD, 2011). A lot of activity has happened in terms of credit linkage. But what have been forgotten is the market linkages, which were given lesser priority. Studies have established the relationship between market strategies and financial sustainability of every organization. This stands true in the case of Self-help groups as well. The core idea of financial inclusion is to set the tone and tenor for capacity building and marketing support for the SHGs. *“Subsidy on interest rate cuts at the very root of the Self-help character of SHG's, and would be better directed towards capacity building input and marketing support to SHGs”* Hence this paper believes in introducing the idea of Market orientation as a potential skill in bringing about organic approach to marketing strategy and performance⁵.

2. REVIEW OF LITERATURE

2.1. Market Orientation

Market Orientation can be seen in the cultural context where organizations big or small shift their focus from product centric to market centric. It is an integral part of the many marketing strategies that organizations deploy to make them profitable over the long run. Market Orientation provides in a most efficient and effective manner a behavioural manifestation that suits the organizations in delivering continuous superior performance⁶. Market orientation is the implementation of marketing concept that was developed and became popular in the last decade⁷. When it came to the implementation of the marketing concept, Kohli and Jaworski developed marketing orientation, which they claimed was the manifestation of marketing concept; and devised it as three pillars. This construct constitutes of intelligence generation, intelligence dissemination and organizational responsiveness⁶

2.2. Performance of SHG's

SHGs are to be successful for the mechanism to be sustainable. Success for SHG depends on performance of group and group members. There are quite a number of factors which influence the success of SHGs. Individual characteristics like motivation and trust, group characteristics like participation, group formation criteria etc and economic factors such as risk involved and transparency⁸. Moreover, the SHGs performance also depends on structural and functional characteristics of the group. Transparency in administration, leadership, record management etc form the structural characteristics, while frequency of group meetings, training activity etc fall under the functional characteristics⁹.

2.3. Market Orientation and Performance relationship

Performance is not one dimensional, but has large number of factors contributing to it. Typically a functioning SHG depends on quite a number of factors, which make it successful. The financial performance, group performance and individual characteristics contribute immensely to the performance of SHGs⁸. The financial side performance would involve the risk associated with the activities of SHG, its ability to maintain accounts and provide transparency to the larger world outside, and most importantly the cost of fund acquisition. These components beyond doubt represent collective action that influences the group functioning and performance. Further when it comes to the individual side, we see the role of trust among members, their motivation to be a part of the group and being prompt in terms of meetings and other rigour, also influences the performance on the group¹⁰. Eventually there is the group dynamics. Cohesion and solidarity among group is very essential in order to waddle through tough and crisis times. Decision making, participating freely, group solidarity and managing conflict have come to be cornerstone of efficient SHG¹¹. Market orientation has been extremely important in deciding the performance of groups and organizations. Early studies in this area have known to focus on the philosophical foundations of the study, and secondly on the idea of market orientation, which can become a part of organizational or group culture. There were a set of behaviours put to examination, and those initial studies served as key stone to progress into further research on the subject. It resulted in the focus shifting or rather connecting market orientation to business performance¹². Market orientation also takes into account the intergroup conflict. It is a situation that represents tension between members arising out of incompatible goals and desires¹³. And it is treated to be an inhibitor of market orientation.

3. RESEARCH HYPOTHESIS OF THE STUDY

The study was undertaken to solve the following objectives

H1. There is a significant difference between clusters of doll making and rope making with reference to their performance.

H2. There is a significant difference between clusters of doll making and rope making with reference to their market orientation

H3. There is a significant relationship between market orientation and performance of SHGs

3.1. Research Model developed for the purpose of Study

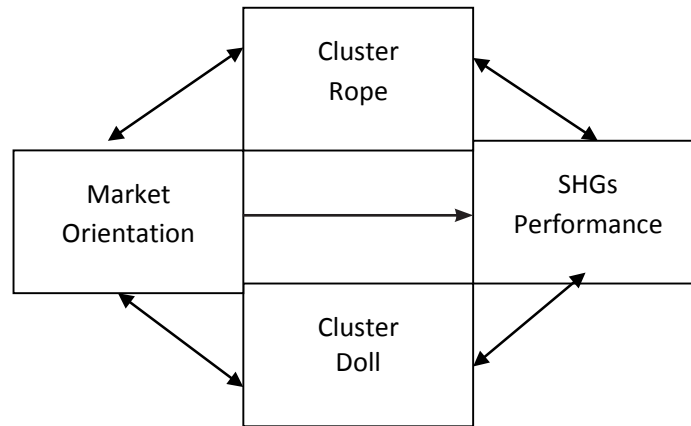


Figure 1: Establishing the Market Orientation and Business Performance

4. METHODOLOGY

An important objective of our study is to establish presence or absence of relationship between performance of a group and its market orientation. Our study has been conducted in two taluks, Cuddalore and Virudhachalam in TamilNadu (India). They constitute and represent SHGs involving in rope making (58) and doll making (74) respectively. Two clusters were selected in order to examine the differences between them as far as performance and market orientation were concerned. Microcredit activities in Cuddalore have grown manifold after the Tsunami catastrophe in 2004. There are broadly three distinct models through which the microcredit is being lent; firstly through the banks, secondly NGOs and thirdly the Government led microfinance schemes. Our data has been collected from the NGO funded groups, which is fairly monitored well and repayment rates are on the higher side in comparison to the other two models. Convenience and snowball based sampling was adopted, since the SHGs were not available freely for interviews and those involving in the typical doll making and rope making activities were far and few. Respondents were from the women SHGs alone. As discussed the sampling frame consist of two taluks, and SHGs captains were selected to conduct the interview. For measuring performance, 23 items were adopted representing five variables on a five point scale¹⁴. A questionnaire was adapted for Market orientation¹⁵ having 12 items representing three variables. We calculated the reliability of the instrument and for this purpose, Cronbach alpha values were calculated. The minimum alpha acceptable 0.5 (see Nunnally, 1967) and the items that had lesser coefficients than the one mentioned were either treated or deleted.

4.1. Variables Measuring Items

Table 1

<i>S.No</i>	<i>Variables</i>	<i>Measuring Items</i>	<i>Adopted</i>
1.	Market Orientation	Intelligence Generation, Intelligence Dissemination, Group responsiveness	Narver and Slater (1990) ¹² Jaworski and Kohli (1993) ¹⁵
2.	Overall Performance	Meetings, transaction awareness, savings and repayments, group norms, access to one loan cycle	Bharamappanavara (2010) ¹⁶

5. ANALYSIS AND DISCUSSION

Table 1 displays the socio-economic profile of respondents. A few observations are worth noting here. When it comes to education, the doll making cluster seems to have more respondents on the higher side than the doll making. Possibly the skill required in doll making and its sophistications may have need some preliminary education set as benchmark. While rope making has been their cottage industry even before they were supported by credit and other organizational help. ANOVA was run for those socio-economic parameters which have more than couple of groups. Age, marital status, family size and education fall under this category. ANOVA is run primarily as a test for significant difference between groups or clusters. Since when it comes to clusters we are having only two clusters to find difference and hence we have used Independent sample t-test. This test is used to differentiate the two clusters namely doll making and rope making clusters. In so far as the ANOVA results are concerned, age and education status of the respondents shows significant difference, indicating that between the age groups, the lesser age group is more receptive to these ideas of market orientation and believes in business performance for sustainability. Similarly when it comes to education, the higher education, the better seems to be the agreeability of above mentioned variables. The family size does not contribute much to the opinions and therefore we are not considering it as significant.

The independent sample t –test puts to comparison the clusters against set variables. When it comes to doll making, there is significant difference between groups in accepting the importance of Market orientation and business performance. Between the clusters, there are significant differences, where, doll making seem to accept the importance of market orientation and performance, roping making cluster seems to have different opinion on performance. Through these tests, we do confirm the first two of our hypothesis (H1 & H2), that there is significant difference between rope making and doll making clusters when it comes to how they view the market orientation and business performance within their cluster. Table 4 indicates the relationship between the two variables of our study, market orientation and business performance. The reliability of constructs market orientation and performance are 0.72 and 0.66 respectively. While the correlation coefficient is 0.69, this indicates there is reasonable positive correlation between business performance and market orientation, as attested by the previous studies in different setting and contexts.

6. CONCLUSION

Self Help Group has been a wonderful mechanism to bring about access to financial capital through the mode of social capital. This mechanism is in a state of predicament. Reasons are quite clear and loud. Ever since its formation in 1992 research and practice of SHGs have been largely confined to credit access and credit linkages with banks, government schemes and NGO's. The income generating activities were mostly local. Except for participation in few Government organized or Bank organized exhibitions, there has been no sound strategy in place to market their products. The absence of market linkages seems to have hurt the performance and sustainability of such groups. This study mildly broaches on the subject of change in behaviour towards market and customer orientation. We live in the age of Internet, where connecting to right customer beyond the confined boundaries to the world at large is possible.

Table 1
Socio-economic Profile

<i>Particulars</i>	<i>Doll Making</i>	<i>Rope Making</i>
<i>Age</i>		
Young (Below 30 years)	23 (29)	18(31.05)
Middle Age (30-40 years)	37(51)	16(27.58)
Old age (above 40 years)	14(20)	24(41.37)
<i>Education</i>		
Illiterate	22(29.79)	37(63.79)
Primary school	40(54)	13(22.43)
Above primary school	12 (16.21)	8(13.80)
<i>Marital Status</i>		
Unmarried	15(20.27)	3(5.20)
Married	48(64.86)	39(67.24)
Widows	8(10.81)	14(24.13)
Divorced	3(4.06)	2(3.45)
<i>Type of Family</i>		
Nuclear	57(77.03)	44(75.90)
Joint	17(22.97)	14(24.15)
<i>Family Size</i>		
Small (<4 members)	15(20.27)	14(24.15)
Medium (4 ~ 6 members)	43(58.108)	36(62)
Large (> 6 members)	16(21.62)	8(13.85)

Table 2
ANOVA on Socio-economic factors

	<i>Market Orientation</i>		<i>Business Performance</i>	
	<i>F</i>	<i>Sig</i>	<i>F</i>	<i>Sig</i>
Age	1.79	0.00*	1.14	0.001*
Marital Status	1.24	0.00*	1.39	0.61
Education	1.7	0.04*	0.10	0.03*
Family Size	2.82	0.09	2.21	0.97

Table 3
Independent Sample *t*-test for clusters

	<i>Market Orientation</i>		<i>Business Performance</i>	
	<i>T</i>	<i>Sig</i>	<i>T</i>	<i>Sig</i>
Doll Making	1.29	0.00*	1.71	0.04*
Rope Making	1.97	0.97	1.49	0.00*

Table 4
Simple Correlation between Market Orientation and Performance

	<i>Mean</i>	<i>S.D</i>	<i>Market Orientation</i>	<i>Business Performance</i>
Market Orientation	3.1	0.398	0.72(R)	
Business Performance	3.9	0.446	0.69	0.66 (R)

*. Correlation is significant at the 0.05 level (2- tailed).

References

- Thirumagal J Pillai. Financial Inclusion and Pradhan Mantri Jan Dhan Yojana: An Empirical study conducted in the villages of Mulshi Taluka in Pune District. Indian Journal of Science and Technology. 2016 December Volume 9(45)
- Rangarajan Committee. Report of the Committee on Financial Inclusion. Government of India. 2008; 1–167.
- Kamarkar. K.G, Rural credit and Self-help groups, sage publications, 1999. New Delhi, Pg.209
- Fernandez, Alyosius Prakash. The MYRADA experience – Alternate management systems for savings and credit of rural poor, MYRADA 1992, Bangalore.
- Rangarajan Committee. Report of the Committee on Financial Inclusion. Government of India. 2008; 1–167.
- Sin LJM, Tse ACB, Yau OHM, Chow R & Lee JSY. Market Orientation and Business Performance: A Comparative Study of Firms in Main land China and Hong Kong. European Journal of Marketing, 2003, 37(5/6):910–936.
- Steinman C, Deshpande R & Farley JU. Beyond Market Orientation: when customers and suppliers disagree. Journal of Academy of Marketing service, 2000, 28:109–119.

- Nagaraj, N., Chandrakanth, M.G., David Acker, Chengappa, P.G., Shuthi, H.R., Yadava, C.G. and Kanwar, R. Economic performance of self-help groups in Karnataka, with special reference to Venkatelahalli in south India. *Indian Journal of Agricultural Economics*, 2009, **64** (4): 604-617.
- AP (Consultative Group to Assist the Poor) Sustainability of Self-help Groups in India: Two Analyses. CGAP Occasional Paper. 2007. No. 12. Washington DC.
- Bardhan, D. and Dabas, Y.P.S. Microfinance initiatives through self-help groups: Some issues. *Agricultural Extension Review*, 2007 (January-June): 24-29.
- Kerr, N.L. and Kaufman-Gilliland, C.M. Communication, commitment and co-operation in social dilemmas. *Journal of Personality and Social Psychology*, 1994, **66**: 513-29.
- Narver, J. and Slater, S.F., the Effect of Market Orientation on Business Profitability, *Journal of Marketing* 54 1990 (October): 20-35.
- Raven, B.H. and Kruglanski, A.W., Conflict and Power, in Swingle, P. (ed.) *The Structure of Conflict*, 1970 pp. 69-109, Academic Press, New York.
- Bhramappanavara S.C and Monish Jose. Group Dynamics and Collective performance of Self-help Groups under different microcredit delivery models in Karnataka, 2015
- Jaworski, B.J. and Kohli, (1993), Market Orientation: Antecedents and Consequences, *Journal of Marketing* 57 1993 (July): 53-70.
- Bharamappanavara, S.C. The performance of microcredit organisations. 2010, Stuttgart, Germany.