

ABSTRACT

This research examines the factors associated with the effectiveness of women's self-help groups (WSHGs) in the Indian state of Bihar. The study was carried out in two stages. Using a qualitative approach, first, the experiences of 12 WSHGs were explored. Focus group discussions were carried out to gather information and the same were analyzed generating codes based on grounded theory. Ten interrelated categories emerged. The findings suggest that the pre-conditions for community mobilization, external facilitation in group formation, initial role of promoting institutions along with stable group structure, process-based functions, and networking with external institutions make the WSHGs effective. Involvement in the SHGs also empowers rural women in respect of their financial independence, social recognition, and decision-making ability at home. However, low and similar socio-economic background of members restricts their adherence to group norms in connection with regular savings, whereas poor attendance in meetings and irregular loan repayment appear as institutional barriers for group performance. This suggests for assessing group heterogeneity and other structural aspects of WSHGs. Next attempts were made for a quantitative validation of these findings by assessing the relationships of group heterogeneity, group structure, and group processes with the effectiveness of WSHGs in terms of their financial performance, group's self-reliance, members' decision-making ability at the household level, and access to non-financial benefits. Data were collected using an interview schedule from 180 WSHGs in six districts of Bihar and data were analyzed using partial least squares structural equation modeling. The findings suggest that the group heterogeneity alone directly predicts the effectiveness of WSHGs but fully passes through group structure and process to positively predict the group effectiveness. The group structure and process is found to be a strong mediator between group heterogeneity and group effectiveness. The predictive accuracy of the model is found to be high. The findings have implications to bring in more diversity in member's caste and their reasons for joining WSHGs at the formation stage and variations in members' skills and expertise at the performing stage of WSHGs. The members' awareness on group norms and trust in financial transactions, and leadership styles together with cooperation and cohesion among members, transparency in financial transactions, group attendance, and networking with the bank and the federation foster the effectiveness of WSHGs.

Keywords: Group effectiveness, group heterogeneity, group structure and process, women's self-help groups