

The Downside of Thrift and Credit Society

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Abstract: *The essence of a credit society is to create a pull of fund. It has from its beginning, been charge with designing and building members owned and controlled cooperative finance system the greatest handicap to goal attainment is fund. This society encourages the extension of micro and other credit facilities to rural and urban to galvanize their economic activities, which will create employment and raise the standard of human existence. Consequently, co-operators have given much thought and effort to set up their own financial institutions so as to marshal the financial resources necessary to provide many services that credit problems of farmers cooperative that arose major public concern and caused the first bi-decade cooperative finance association to be formed in the farming sector, although consumers co-operative has also encountered the need for more credits*

Keywords: credit society

I. INTRODUCTION

MSME refers to Ministry of Micro Small and Medium Enterprises in India. MSME is the basic unit of Indian economy. Even being an important part of economy, effect of different communities on entrepreneurship is given a little attention. Entrepreneurial ability in this study refers to personal agency belief.

Personal agency belief refers to one's ability to initiate and direct actions for certain purposes. It is influenced by belief on their effectiveness in performing specific tasks, which is defined as self-efficacy, as well as on their actual ability. This study provides insight to the entrepreneurs associated with the cooperative credit societies.

Cooperative thrift and credit societies refers to an agreeable society that furnishes its individuals with advantageous and secured money on cheap interest. This is generally reasonable for entrepreneurs and laborers in a single association. These specialists pay for their investment funds and credits from the society so that a person can utilize that amount for their necessities. (Adekunle & Henson, 2007)

Cooperatives are formed by people who share common interests pooling their resources together to establish a business enterprise jointly owned by members. Low income households need financial institutions that will serve their needs conveniently. (Iheanacho & Ahaotu, 2017) these societies play a vital role when it is associated with MSME entrepreneurs.

MSME is the building block of any country. In the country like India, MSME plays an important role in economy. This paper study MSME entrepreneurs in Chandigarh city who belong to the group of interdependence of cooperative thrift and credit society. People belonging to the credit societies have a better personal agency belief than those who are not the members. Members of cooperative thrift and credit societies are more alert in their profession.

II. LITERATURE REVIEW

International Cooperative Alliance (ICA) (Alliance, 1895) defined the Cooperative Society as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Furthermore, (Ebonyi, V., & Jimo, 2002) described cooperative societies as associations of people who came together voluntarily to achieve common goals through the formation of democratically controlled organizations; making fair contributions to the required capital and accepting an adequate share of the risks and benefits of the companies. (Government of India: Ministry of MSME, 2016) has briefly described the Cooperative Society as a company or group company that is voluntarily owned and controlled by its members, sponsors and managed for them on a non-profit or cost-free basis.

The essence of cooperatives, as (Dogarawa, 2005) points out, is an effective way for people to exercise control over their livelihoods; provide a unique tool to achieve one or more economic goals in an increasingly competitive global

economy; possess what may be difficult for individuals to possess or pursue with their efforts; strengthen the communities in which they operate through job offers. In general, the cooperative provides an economic boost to the community. This collaboration with (Adekunle & Henson, 2007) allows people to achieve, through joint effort, what they cannot achieve by working individually.

Cooperative credit societies have played a distinct and important role in banking systems in terms of the scope of real economic advancement of middle-class communities in rural and urban areas. Cooperatives can meet the banking needs of underserved groups in society. To promote urban cooperative credit involves many things in an organizational way and requires professional banking practices not following proper banking (Selvaraju, 2018)

The cooperative corporate structure allows for the collective construction of intellectual property instead of turning it into an individualistic process and allows cooperative members to recognize and reward good work and creativity. It provides a flexible structure to entrepreneurs working toward a common goal. (Farris & Lane, 2006)

Framework of the research

Little attention has been paid to the role of entrepreneurship and the ability of institutions such as credit unions to promote entrepreneurship. (Neulkar, Prakash L.; Linge, 2017) It causes continuous imbalances in the market that create opportunities for the creation of value in the market and influence the reactivity of companies to new market conditions. This contribution examines the formal context in which entrepreneurial processes are expressed. A mixed approach was used in developing a framework for this document. (Ravichandran, 2021)

This means that all investments are believed to operate simultaneously in the economic and social spheres (Emerson, 2000). Despite having a relationship between the social and the financial, it affirms the creation of value in the pursuit of both economic and social objectives. This article analyzed the role of the cooperative savings and credit society as a socioeconomic institution in business supervision.

According to (Farris & Lane, 2006), new entrepreneurs are more susceptible to the use of biases and heuristics in decision making. In this research, entrepreneurship is measured based on Harper's conception, which states that entrepreneurship (the belief in personal agency) is a function of locus of control and perceived self-efficacy.

This study aims to conduct empirical tests to predict relationships between SME entrepreneurial characteristics, social activities, locus of control, perceived self-efficacy, and personal agency (entrepreneurship) beliefs. (Iheanacho & Ahaotu, 2017) The influential framework in this study will be group-oriented because institutions influence people's cognitive processes and entrepreneurship. Economic institutions and policies that inhibit economic freedom reduce people's vigilance of opportunities through their negative effect on beliefs of personal agency, that is, the locus of internal control, and perceived self-efficacy (Harper, 2003). The belief of personal agency is a multiplying function of locus of control (contingency) and perceived self-efficacy (competence) (Harper, 2003):

I believe in personal agency = f (LOC * SE).

III. RESEARCH METHODOLOGY

With the limitation and the selection criteria was restricted to ownership, number of employees and manufacturing sector, credit facility and location. The area of a study is Chandigarh and the ownership selected the entrepreneurs belonging to MSME having number of employees less than or equal to 6. Since there is a limitation of selecting the manufacturing sector is considered as most of the MSME entrepreneurship belongs to be manufacturing sector and, in our study, they are the members of cooperative thrift and credit society who have used the finance facility in last 5 years from the society. They did not have adopted any other sector or any other type of finance in last 5 years including banking sector.

This paper examines the entrepreneurs on considering the different factors like age, gender, education, locus of control and personal self-efficacy. The study population included 350 people. A descriptive research design was adopted. A total sample of 263 respondents responded the survey. Primary as well as secondary data was used for the study. Data was evaluated using different statistical tool.

Objectives

The impact of being a member of cooperative thrift and credit societies on the MSME entrepreneur’s personal agency belief is the main focus of this document, where this article answers the following research questions. To establish a relationship between the membership of cooperative thrift and credit societies, locus of control and perceived self-efficacy. Further this research studies the effect of various factors like age, gender, and education on entrepreneurial ability of MSME entrepreneurs.

The entrepreneurial ability is affected by membership of cooperative thrift and credit societies, locus of control and perceived self-efficacy.

Hypothesis

Ho1: To identify whether entrepreneurship/ personal agency belief is related positively with the membership of cooperative thrift and credit societies, locus of control and perceived self- efficacy

Ho2: There is significant effect of various factors like age, gender, and education on entrepreneurial ability of MSME entrepreneurs.

Ho3: The entrepreneurial ability is affected by membership of cooperative thrift and credit societies, locus of control and perceived self-efficacy.

Data analysis

This paper examines the entrepreneurs on considering the different factors like age, gender, education, locus of control and personal self-efficacy. The study population included 350 people out of which A descriptive research design was adopted. A total sample of 297 respondents responded the survey out of which 34 were not the member of any cooperative thrift and credit society therefore they were excluded and remaining 263 respondents were further analyzed. Researcher has considered 10 parameters for measuring locus of control which are mentioned in the table no 1 and tested on 5 point Likert scale considering 1 lowest and 5 highest value adapted from (Rotter, 1990) as cited in (Mueller, Stephen L. Thomas, 2001). Locus of control was tested for reliability using Cronbach alpha test. The locus of control scale was tested for reliability using the Cronbach Alpha test which was 0.801 overall and all the components which are considered are ranging between 0.72- 0.817. The Cronbach Alpha items which were lesser than 0.5 were deleted and the rest of the components are displayed in the table number 1. KMO Barlett test suggested that all the elements are reliable with Kaiser- Meyer Olkin measure of sampling Adequacy value 0.802 which was significant with the value 0.00. According to Mueller and Thomson in 2001 in their study in which they conducted in nine countries with respect to locus of control and innovativeness.

Table no 1: Factor analysis and reliability results

Strategies	Factors	Factor loadings >.05	Variance >.05	Cronbach Alpha
Locus of control				0.801
	My life is largely controlled by accidental events.	0.777	27.077	0.791
	It is not wise to plan too far in advance, because things change due to bad luck	0.756		0.766
	Success or failure in life depends mainly on mine ability	0.734		0.76
	people in positions of power helps me to achieve my targets	0.699		0.759
	I feel in control of my life	0.841	46.375	0.788

	Business success is mostly a matter of luck	0.841		0.795
	Be at right place at the right time is required for success	0.52	64.403	0.779
	I usually got all what I want due to my luck	0.685		0.817
	My life is determined by my actions.	0.821		0.795
	When I get what I want, it's usually because I've worked hard to get it.	0.542		0.775
KMO and Bartlett's Test				
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.				0.802
Bartlett's Test Approx. Chi-Square				870.344
of df				45
Sphericity Sig.				0.000'

Researcher has considered 22 parameters for measuring Perceived self-efficacy which are mentioned in the table no 1 and tested on 5 point Likert scale considering 1 lowest and 5 highest value adapted from (Rotter, 1990) as cited in (Mueller, Stephen L. Thomas, 2001). Perceived self-efficacy was tested for reliability using Cronbach alpha test. The self-efficacy scale was tested for reliability using the Cronbach Alpha test which was 0.688 overall and all the components which are considered were ranging between 0.625- 0.708. The Cronbach Alpha items which were less than 0.5 were deleted and the rest of the components are displayed in the table number 2. KMO Barlett test suggested that all the elements are reliable with Kaiser- Meyer Olkin measure of sampling Adequacy value 0.633 which was significant with the value 0.00. The remaining factors were group into four groups planning and development, management, innovativeness and marketing

Perceived self-efficacy was measured

Table no 2: Factor analysis and reliability results

	Factors	Factor loadings >.05	Variance >.05	Cronbach Alpha
Self-efficacy				.688
Planning and development	New methods of production, marketing and Management	0.801	25.98	0.625
	Reduce risk and uncertainty	0.708		0.65
	Strategic planning and development.	0.121		0.708
	Manage your time by setting goals	0.756		0.654
	Setting and achieving goals and objectives	0.632		0.646
Management and Risktaking	Define organizational roles, responsibilities and policies	0.756	35.882	0.668
	take calculated risks	0.75		0.654

	Take responsibility for ideas and decisions.	0.748		0.658
	I work under pressure and conflict.	0.572		0.677
Marketing	New market and geographic territory	0.644	55.35	0.708
	Perform financial analysis	0.729		0.684
	Set and achieve market share goals	0.714		0.68
	Establish a position in the product market.	0.727		0.661
	Product market analysis	0.648		0.641
	expand Business	0.693		0.681
Innovation	New adventures and new ideas.	0.812	75.229	0.707
	New products and services	0.761		0.699
	Set and achieve sales goals.	0.924		0.689
	Checks cost controls	0.884		0.685
KMO and Bartlett's Test				
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.				0.663
Bartlett's Test of Sphericity	Approx. Chi-Square			2818.952
	df			231
	Sig.			0.000'

To test our first hypothesis i.e., to identify whether entrepreneurship/ personal agency belief is related positively with the membership of cooperative thrift and credit societies, locus of control and perceived self-efficacy correlation coefficient is calculated. Personal agency belief is positively correlated with the membership of cooperative thrift and credit societies, locus of control and perceived self-efficacy having values 0.045*, .480** and .336** respectively which is well predicted by the table no 3 given below.

Table no 3: Descriptive and correlations

Parameter	Mean	Std. Deviation	Correlation						
			1	2	3	4	5	6	7
Gender	1.44	0.498	1	-.094	0.022	.126*	0.118	-.199**	-0.117
Are you a member of cooperative thrift and credit society	1.13	0.336		1	-.215**	-0.081	0.062	0.04	0.045*
Age of the respondent	1.92	0.655			1	-0.002	0.017	0.015	0.062
Education level	2.14	0.789				1	0.058	-.200**	-.123*
Locus Of Control	48.12	2.55					1	-0.073	.480**
Self-Efficacy	84.31	5.763						1	.336**
Personal Agency Belief	4040.88	430.737							1

*. Correlation is significant at the 0.05 level (2-tailed).
 **. Correlation is significant at the 0.01 level (2-tailed).

In regression analysis dependent variable is personal agency belief/ entrepreneurial ability whereas independent variables are Self-Efficacy, Age of the respondent, Locus of Control, Education Level, Gender, are you a Member of Cooperative Thrift and Credit Society. Table No. 4 gives the value of R and R square. The value of R represents a simple correlation

between the variables under study and it is 0.622 that indicates an average degree of correlation between the variables. The R square value indicates how much of the total change in the dependent variable which can be explained by the independent variables. In this case it is 0.387 which means that there is a little variation in the data.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.622 ^a	.387	.373	341.125

Table No. 5 is the ANOVA table that reports how well the regression equation fits the data i.e. whether the personal agency belief/ entrepreneurial ability is affected by the variables under study. In this table the significance of the variable can be predicted.

a. Predictors: (Constant), Self -Efficacy, Age of the Respondent, Locus of Control, Education Level, Gender, are you a Member of Cooperative Thrift And Credit Society

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18820221.014	6	3136703.502	26.955	.000 ^b
	Residual	29789777.092	256	116366.317		
	Total	48609998.106	262			

Here P value is 0.00 which is less than 0.05 i.e. $p < 0.05$ thus it can be inferred that our variables under study are significant which is revealed by the table no 6. The coefficient table provides the information about the variables. The coefficient table shows that except age of respondent all other variables impact personal agency belief with Being a member of cooperative thrift and credit society with the value 0.007. The significant values for the variables Gender, Age of the respondent, Education level, locus of control and Self- efficacy are 0.000', 0.041, 0.329, 0.15 and 0.000'. Out of these values only Age of respondent has no impact on personal agency Belief.

Dependent Variable: personal agency belief

Predictors: (Constant), Self -Efficacy, Age of the Respondent, Locus of Control, Education Level, Gender, are you a Member of Cooperative Thrift And Credit Society

Table no 5:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2159.701	542.495		-3.981	0.000'
	Are you a member of cooperative thrift and credit society	-8.371	64.874	-0.007	-0.129	0.007
	Gender	-89.708	43.77	-0.104	-2.05	0.041
	Age of the respondent	32.258	32.969	0.049	0.978	0.329

Education level	-39.683	27.465	-0.073	-1.445	0.15
locus of control	87.902	8.37	0.52	10.502	0.000'
Self- efficacy	25.296	3.798	0.338	6.66	0.000'

This proves our second that there is significant effect of various factors like age, gender, and education on entrepreneurial ability of MSME entrepreneurs. Also, the third hypothesis i.e. the entrepreneurial ability is affected by membership of cooperative thrift and credit societies, locus of control and perceived self-efficacy.

IV. RESULTS AND DISCUSSIONS

The findings of this study inferred that being a member of the cooperative thrift and credit society helps the person to have a better personal agency belief i.e. entrepreneurial ability than the other people who are not member of the cooperative thrift and credit society. The main reason is perhaps why easy access to the line of credit whenever there is a need for a fund is the main characteristics of the cooperative thrift and credit society. The personal agency belief was measured by the LOC*SE. Now, being a member of the cooperative thrift and credit society Gender and education has a significant effect on its entrepreneurial ability whereas the age is not having any impact on the personal agency belief. Member of the cooperative thrift and credit society are considered as they help the entrepreneurs to deal with the uncertainties by funding them. And the credit companies also claim that the personal agency they create is carried out by the company and group institutions that are good at dealing with the underprivileged events. The company promotes core entrepreneurship as well as financing of entrepreneurs. Membership of the cooperative thrift and credit society is an important mechanism to support entrepreneurs by providing opportunities in the environment who are not interested to take funds from a banking institution which itself is a difficult and a time-consuming process. Membership of the cooperative thrift and credit society makes it an easy way to get involved in the business with the cooperative funding and the MSME entrepreneurs feel comfortable to take loan from the informal sector, such as the cooperative thrift and credit society and similar institutions, despite the fact that the interest rate of all these institutions is parallel to that of the financing institutions.

Limitations and Future scope of the study

An important limitation that present itself in the way of this research when carried out was the size of the sample and the sampling procedure. Initially 350 respondents were selected to complete the questionnaire. Only 297 respondents returned the questionnaire completely filled. Out of respondents 34 respondents were not the cooperative society member in Chandigarh city (Punjab). Since the study area was Chandigarh, we cannot identify the location outside our study area. Researcher at times was judge-mental and goes for purposive sampling in the process of selection and use of sampling to select entrepreneurs who were members of the cooperative thrift and credit society in the Chandigarh city.

The implication of these findings are implicated in the entrepreneurship of the city of Chandigarh in Punjab for the development of government policies that will create a good environment for the development and operation of member of the cooperative thrift and credit society and similar groups. Further studies can be done to access the changes in MSMEs as a result of cultural change of government policies etc.

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