

Microfinance, Women Empowerment, and Transformational Leadership: A Study of Himachal Pradesh

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Abstract

Microfinance in India flows to the target group with the help of diverse institutions that involve banks, government agencies, and non-government organizations. The concept of microfinance was introduced in India especially for the benefit of poor rural clients demanding credit to fulfil their needs. Self-Help Groups (SHGs) formed under microfinance programmes are self-sustaining and help nurture leadership qualities in women. The scheme of microfinance through SHGs empowers via promoting favourable conditions for women whereby they can have the opportunity to have a say in decision making and take other important decisions for the benefit of the group members. Women under SHGs are now proving themselves as transformational leaders by adding new dimensions to the personality of rural women. Having emerged as successful leaders, they have been transforming lives of many including their families. This study is based on a primary survey where support from secondary sources has also been taken. A schedule was used to collect primary information, nevertheless, secondary data have also been used to support and supplement the objectives and thus to get an insight into the status of disbursement of credit to SHGs through Bank-linkage programme in India. This study will not only help to analyse success of financial inclusion programmes like microfinance, but also to offer us an insight as to how deeply the programme has affected lives of rural people especially women in particular.

Keywords: Microfinance, Self-Help Group, Self-Help Group Bank-Linkage Programme, Women Empowerment

Theoretical Background: Evidence from Literature Review

In the last decade, the government of India has taken several initiatives in policy formulation for linking rural and deprived households with the financial system. In India microcredit flows to the target groups with the help of the diverse institutions namely banks, government agencies and non-government organizations (NGOs) (Avolio and Bass, 2001). Public-sector banks along with NGO's are playing a crucial role in disbursement of credit to SHGs (Arora and Singh, 2016). These institutions not only offer credit, but also provide financial services like insurance, seed financing, venture capital thereby promoting savings to encourage capital formation. Formal financial institutions have been playing a leading role in connecting rural India with formal financial system. National Bank for Agriculture and Rural Development (NABARD) has always been assisting the poor in facilitating microfinance services, and encouraging as well as supporting other agencies like banks and NGOs for the promotion of the Self-Help Groups (SHGs) (Kropp and Suran, 2002). The concept of microfinance was introduced in India especially for the benefit of poor rural clients demanding credit to fulfil their needs. SHG Bank-linkage programme model has contributed a lot to the rural finance by lending to the poor without demanding the collaterals at nominal interest rates (Bansal, 2003; Kropp and Suran, 2002). It has emerged as one of the best concepts for reaching out to poor, needy clients, and helped linking them to the formal set of financial structure through financial institutions. Due to high transaction cost involved in serving these clients, the commercial banks always resisted lending

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to the poor (Basu and Srivastava, 2005; Karduck and Seibel, 2005). Many microfinance programmes have been initiated around the globe for discussing two major issues of concern namely—poverty alleviation and women empowerment. The evidence based on literature review shows that earlier both formal and informal institutions scarcely paid attention to lend credit to the poor in India (Rutherford, 2000).

Rural women in particular could muster courage to take off because of this microfinance bank-linkage scheme. It has not only proved to be a tool in providing them access to financial services, but also in paving their way towards their financial as well as social independence. They learn to manage their SHGs on their own via making decisions pertaining to the activities of their group, and thus becoming assertive, confident, through improving their leadership qualities to excel further even though gradually. In India, leadership on the part of women is still debated and contested in several quarters. This is simply owing to the fact that their potential, capability, and will to compete against their male counterparts are still looked down upon. Nevertheless, it cannot stop the process of their empowerment starting from grassroots areas where in micro financing is of vital significance. Women as leaders in society have always been doubted, criticised, and debated. The top positions held at administrative levels in various organizations too comprise more males than females (Moran, 1992). With the passage of time, women do emerge as leaders; nevertheless, such examples are few as compared to men. Women leaders are transformational owing to the fact that they can achieve groups' goals rather than focussing on the individual ones. One of the ways to uplift the status of women is to provide them with access to the outer world in which access to formal financial structure of a country is imperative. When women are given an opportunity to access credit facilities, it not only benefits them at individual level but also contributes towards their family (Kabeer, 2001). Getting credit in this financial structure through various financial institutions microfinance itself is a way by which they find a way to the market. By forming a SHG of women that hardly get any chance to come out of their domestic sphere, they get an entry to the outer world and thereby getting an opportunity to display their leadership skills to the society. Through this article, we have tried to highlight that microfinance not only empowers women by giving them access to

financial services but also enables them to aspire to be a leader. Improving their standard of living, motivating their families, kids and the society at the grassroots level is the real success that micro financing achieves in terms of empowerment. Our focus would be to underscore the fact that women are entrepreneurial transformational leaders who are relatively more successful in achieving group goals.

Transformational Leadership

Women have always been a deprived section of the society. SHGs thus provide a platform for women whereby they are inspired to act as leaders. Leadership signifies a process of social influence wherein the group/organizational objectives are envisioned. Its basic premise lies in encouraging the behaviour in pursuit of achieving these objectives, thereby influencing group behaviour and eventually creating a culture (Yukl, 2010).

Microfinance institutions always claim to have empowered marginalized women (Cheston and Kuhn, 2002). Such a viewpoint emphasized that microloans disbursed to women helped to enhance female empowerment (Yunus, 2008). This has been supported by many authors (Kabeer, 2001; Pitt et al., 2006; Swain and Wallentin, 2009). Microfinance schemes have emerged as a powerful tool to empower women. They not only empower group members, but also eventually serve the community at large.

According to Yukl (1999) "Transformational Leadership includes individualized consideration, intellectual stimulation, idealized influence and inspirational motivation" (p. 36). He also discussed that empowerment is taken as an important construct for measuring transformational leadership in this study. A transformational leader is the one that has the competence to influence and encourage people to do things. He is an empathetic person who tries to figure out the dilemma of the followers. He pays an extra attention to the group members. Transformational leadership always helps in improving the performance, and at the same time inspires and encourages leaders. The success of transformational leadership always lies in developing a distinctive vision thereby sharing its common objectives with the group. Such a leadership is based on honesty, trustworthiness, has the capability of understanding strengths and weaknesses of the group. The transfor-

mational leader thus inspires to achieve the objectives through coordinated efforts of each member of the group. They engage the group in such a manner that they also end up becoming leaders. A transformational leader instils in the group members the highest degree of commitment so that they become capable of achieving their goals. Inspirational motivation intact is the key to the success of transformational leadership. SHGs work on the same ideology, which results in women becoming transformational leaders. Transformational leadership gain prominence when leaders and followers mutually help one another in the process of motivation (Altafi, 2010, p. 2). Rosener (2011) delineates the perspective of men and women regarding the leadership styles. He further discusses about the survey conducted by the International Women Forum that presents some critical differences between men and women as leaders. For instance, women leaders in SHGs concurred upon the fact that they try to influence the behaviour of group members in such a manner that they feel motivated to show personal interest in the activities of the group. It not only contributes towards the better repayment position of the group, but also adds up to their better standard of living. According to Carless, Wearing and Mann (2000) having a vision, motivating for performing suitable activities, concentrating on better performance and individualization of the members are important indicators of transformational leadership. The leader has to communicate the future goals to his/her subordinates. In SHGs, Bank-linkage programme, skill development, and building mutual confidence within the group are critically crucial. Leaders play a dominant role in inculcating, and promoting various types of skills in the members that ultimately contributes towards promoting creativity, innovation, and entrepreneurship. Participative decision-making, freedom of information sharing, and involvement in the problem-solving activities are some of the indicators for measuring transformational leadership. Empowerment is an important part of transformational leadership (Mawa et al., 2011; Taylor, 2014). Transformational leadership has a positive relationship with empowerment (Jung et al., 2003). Transformational leadership itself is used as meaning to empower the followers (Alimo-Metcalfe, 1995; Cha et al., 2015). Transformational leadership has some empowering behaviour, i.e., participatory decision-making autonomy (Randleman, 2013).

In India, the microfinance organizations have been successfully implementing the plans of uplifting the women by enhancing their leadership and entrepreneurial

abilities. The transformational leadership starts with a vision, a foresight that is eventually followed by the followers. The same happens with SHGs where the group members strive for common objectives that transform their lives, thereby truly following the transformational style of leadership. Women under SHGs are gradually proving themselves as transformational leaders.

Objectives of the Study

- To get an insight of the status of disbursement of credit to SHGs through bank-linkage programme in India.
- To highlight that microfinance not only empowers women by giving them access to financial services, but also enables them to aspire to be a leader.
- To underscore the fact that women working in SHGs are entrepreneurial transformational leaders.

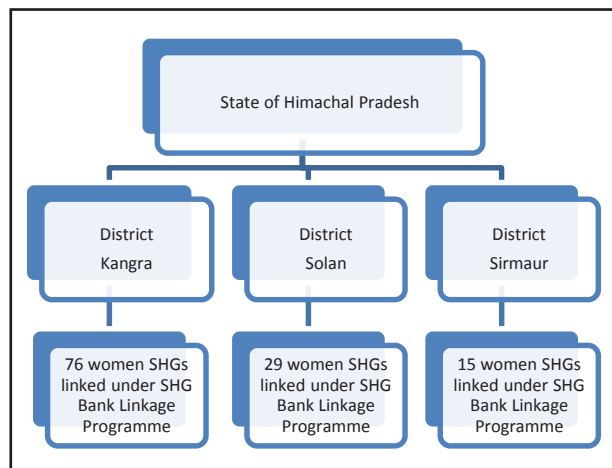
Methodology and Sampling Frame

A primary survey was conducted in the state of Himachal Pradesh for analysing the stated objectives. Three districts of Himachal Pradesh namely Kangra, Solan, and Sirmaur were selected to draw the sample. The reason for selecting these districts lied on the fact that more than 80% of the SHGs credit-linked with banks under SHG Bank-linkage programme were in these three districts. To meet the said objectives, a schedule was prepared to collect information from members of SHGs as well as group leaders who have established SHGs under SHG Bank-linkage programme in Himachal Pradesh.

For selecting a Self Help Promoting Institutions from where we can select our sample to collect the data of SHGs, “state focus paper report 2012-2017” of Himachal Pradesh was referred. In this report, a district-wise list of NGOs working as Self Help Promoting Institutions is given. Based upon this list, one NGO from each district was selected to collect the data of SHGs linked under bank-linkage program.

Chinmaya Organization for Rural Development in Kangra, Ambuja Cement Foundation in Solan, and Himalaya Awakening Society in Sirmaur were selected for the purpose of the study. 120 SHGs registered under these NGOs were surveyed for the purpose of study. The

following is the sample study pattern of the present study:



(Source: Author’s work)

Fig. 1: Sample Study Pattern

Besides a primary survey, unstructured interaction with group leaders was conducted individually to gain an insight of the role of a group leader in a SHG. The level of interaction, and the way they discuss important matters in the group, is of great importance in analysing the role of a leader. Moreover, secondary data were also used to support the objectives and get an insight of the status of disbursement of credit to SHGs through bank-linkage programme in India.

An Insight of Progress of Micro Credit to Women Through SHG Bank-Linkage Programme in India

NABARD has fully devoted itself for the development of the rural sector of the society in India. In India, around 25.70% of population lives in rural areas. Thus, being a developing country, it demands greater attention and priority to rural sector. This was done through the process of making available smooth flow of credit to the agriculture and non-farm sector. Various programmes were introduced by NABARD for the purpose of disbursement of credit out of which SHG bank linkage was the most successful. Disbursing credit to women is priority under this programme. These days’ women play a dynamic, motivating, revitalising, and dominant role in every field whether it is household sector or any other field. Microfinance has proved to be a means to provide economic and social sustainability to poor women

(Kabeer, 2005). Access to financial services to women has brought drastic changes in their lives. Microfinance through SHGs has contributed a lot towards improving the status of members of groups. Thus, economic and social upliftment empowers members of the group. Empowerment achieved through microfinance programme has strengthened the position of women as leaders. Under SHGs, women are mostly encouraged to form a group of 10-15 members. These members of the group contribute periodically and then redistribute this saving amount as loan to the needy members. The SHGs help to boost the status of women. These groups are self-sustaining and help to create leadership qualities in women. They learn to take decisions and assume the role of leaders of the group. As the group becomes stable, it starts working on its own without any support. Table 1 shows the status of women members in the SHG bank-linkage programme for the years from 2007-2008 to 2014-2015.

Table 1: Status of Women Under SHG Bank-Linkage Programme in India

	Years	Percentage of Women Groups	
		Number of SHGs	Amount (in millions)
Saving with banks	2007–2008	79.57	-
	2008–2009	79.46	80.0
	2009–2010	76.4	72.6
	2010–2011	81.7	75.5
	2011–2012	79.1	77.9
	2012–2013	81.1	79.3
	2013–2014	84.15	80.96
	2014–2015	86.41	83.77
Loan disbursed	2007–2008	84.79	84.46
	2008–2009	85.4	85.9
	2009–2010	81.6	86
	2010–2011	85	86.8
	2011–2012	80.54	85.5
	2012–2013	85.1	86.7
	2013–2014	84.3	87.6
	2014–2015	89.05	83.53

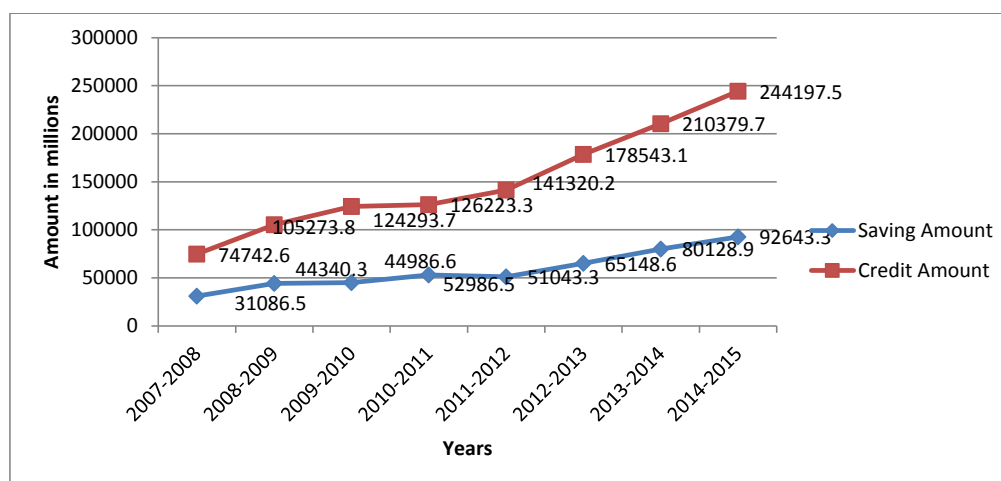
(Source: Compiled from reports on Status of Microfinance in India)

Table 1 shows the number of women SHGs linked with the banks and their saving amount. The data show that there is an increase in participation of women in SHGs over a period of time. More and more women are joining SHGs

for getting the benefits of linking with formal financial structure. In the year 2011–2012, around 79.10% of women SHGs out of the total SHGs have saved in banks. These savings rose to 86.41% in 2014–2015. 77.9% of the savings amount belonged to women SHGs. The percentage increased to 83.77% in 2014–2015.

The percentage of women credit-linked to banks has been fluctuating since the last 5 years. It is 84.9% in the year 2007–2008, which increased to 85.4% in 2008–2009.

In the year 2014–2015, the percentage has grown up to 89.05%. The number of women SHGs and the amount of loan disbursed to these SHGs is increasing with fast pace. It highlights the growing significance of women in microfinance activities. Undoubtedly, this scheme has provided a great platform to women, which not only has empowered them economically, but has also given them an opportunity to act as leaders and transformers.



(Source: Compiled from reports on Status of Microfinance in India (NABARD, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015))

Fig. 2: Amount of Savings and Loan Disbursed to SHGs

Figure 2 shows the distribution of saving and credit amounts among the members of the SHGs under the bank-linkage programme.

Considerations on SHGs

SHGs are contributing towards women empowerment throughout India. The concept of empowerment can be related with social empowerment, economic empowerment, or political empowerment, etc. Here, in respect of microfinance, the term empowerment cannot confine to only one dimension. It is all together a process where an individual get holistic empowerment. Bennett (2002) has linked empowerment with social mobilization. He has used social mobilization in terms of welfare and growth of poor as well as under privileged. According to Mayoux, (2000), empowerment is a concept which indicates the freedom of women to think, act, and make choices freely.

SHGs through microfinance become empowered in a way that woman members get an opportunity to come out of the walls of their houses. They learn to take decisions related to financial matters of the groups; ultimately, they apply the learnings in their houses. They also come to know about the factors that can help them to deal with various evils prevalent in the society. They learn to raise their voice against such evils collectively. It also includes satisfying their needs like recognition. By handling their finances and taking decision about their groups and family, they gradually become economically empowered, which ultimately helps them to reduce poverty, increase their standard of living, and improve their health and hygiene. They also learn the importance of education. Achievement of economic empowerment finally leads to economic growth, reduction in poverty, improvement in health, and education and the solution to other social issues. It means that economic empowerment benefits not only women, but also the whole family (OECD, 2012). It helps in enhancing and building women's capabilities in

such a way that it helps to reduce the poverty and inculcate the leadership qualities, make them self-reliant, improve decision-making abilities, increase economic growth and productivity, ultimately increasing their overall efficiency.

In the present study, we evaluated various dimensions of empowerment. In Table 2, the economic, social, decision-making, and political empowerment of the women who are working as member of SHGs in Kangra, Solan, Sirmaur districts of Himachal Pradesh is depicted.

Table 2: Parameters of Women Empowerment

S. No.	Parameter	Kangra	Kangra (%)	Solan	Solan (%)	Sirmaur	Sirmaur (%)	Total percentage of respondents saying yes (%)
	Total Number of Respondents in each district	228		87		45		(%)
1.	Contribution to family income	130	57	48	55.2	14	31.1	53.3
2.	Control over their income	107	46.9	39	44.8	8	17.8	42.7
3.	Control over making financial decisions in the family	139	61.0	20	23.0	11	24.4	47.2
4.	Free access to external employment	184	80.7	60	69.0	34	75.6	77.2
5.	Freedom to move out of home without taking permission of your husband and family members	179	78.5	38	43.7	22	48.9	66.38
6.	Raising your voice against your husband when he is wrong	149	65.4	33	37.9	18	40.0	55.5
7.	Confident while doing things independently	177	77.6	66	75.9	25	55.6	74.4
8.	Take part in community programme freely	173	75.9	68	78.2	31	68.9	75.5
9.	Freedom to participate in other activities like training and workshops organized by Government or NGOs	127	55.7	41	47.1	26	57.8	53.8
10.	Do you have awareness about banking rules, regulation, terms and rates of interest	172	75.4	59	67.8	33	73.3	73.3
11.	Do you engage yourself in taking daily small household decision	207	90.8	78	89.7	39	86.7	90
12.	Do you take part in large and considerable household decision-making?	129	56.6	25	28.7	15	33.3	46.9
13.	Do you take the decision regarding the children's schooling?	170	74.6	67	77.0	35	77.8	75.5
14.	Do you raise your voice against evils like dowry, domestic violence?	156	68.4	46	52.9	16	35.6	60.5

S. No.	Parameter	Kangra	Kangra (%)	Solan	Solan (%)	Sirmaur	Sirmaur (%)	Total percentage of respondents saying yes
15.	Do you resist and raise your voice against child labour?	164	71.9	42	48.3	11	24.4	60.2
16.	Do you have positive attitude toward girl child?	184	80.7	61	70.1	36	80.0	78.0
17.	Do you participate in political movements?	178	78.1	27	31.0	12	26.7	60.2
18.	Are you free to contest election?	156	68.4	62	71.3	13	28.9	71.1
19.	Do you participate in Gram Sabha?	198	78.1	67	77.0	38	84.4	84.1
20.	Do you take your own decision for voting?	175	76.8	65	74.7	36	80.0	76.6

(Source: Results obtained from Field survey)

53.3% of the members in all the districts responded positively that they are contributing to their family income after joining microfinance programmes. These women are involved in activities like animal rearing, dairy products, selling vegetables, mushroom cultivation, and micro and small business. NGOs provide training to the members of SHGs and help them to establish micro business. 57% members agreed to the fact that they have become an earning hand of the family. 55% and 31% of the respondents in Kangra, Solan, and Sirmaur districts also confirmed that they contribute to the family income largely. 42.7% and 47.2% of the respondents reported that the respondents have gained control over their own income and financial decision-making only after joining microfinance programmes. Microfinance programmes have created a platform where women have raised up to state where they enjoy many opportunities to employment. As women got educated and started earning, a considerable transformation of overall mentality of the society took place. Earlier they were not considered as bread earners. Nowadays, they have access to finance and have proved themselves to be capable of financial decision-making. The respondents under study were asked about whether any shift has taken place in the restrictions imposed on women members of the family after joining the microfinance programme. 77% of the respondents in all the districts feel that they have free access to employment. 66.38% of the respondents also agreed that they enjoy freedom of moving out of the home without taking permission of their husbands and other family members. The women also feel the

confidence of raising their voice against their husbands in case of any ill treatment or restriction on them. 55.5% of the women agreed that they were able to raise voice against their husbands then, as they are more confident and independent. 74.4% and 75.5% of the members of SHGs feel self-dependent and are able to take part in the community programmes, respectively.

A considerable shift in their mind-sets can be observed towards getting education and enhancing their skills as 53.8% of the members confirmed that they are free to participate in training and development programmes now. Their families support them in such activities and adjust their timings and other household activities so that they can learn and grow. After joining the microfinance programmes, 73.3% women agreed that they are more aware of the banking rules and regulations focusing on the fact that they are getting inclined towards financially empowered. The times have gone when moneylenders or agents used to exploit them in the absence of rules and regulations. Almost 90% of the women under the sample study agree to the fact that they have been engaged in small decision-making activities only after joining microfinance programmes. Not only their lives are being transformed, but the lives of their family members are also being changed as their perspectives towards life, society, and empowerment are now being enlarged.

46.9% of the women under the sample study are engaged in large household decision-making activities also. 75.5% of the women also engage themselves in taking decision related to the education of their children. They decide about

where their children will be educated, what career they should pursue, and ultimately work hard for transforming their lives. A wide perspective of being educated is now developing in these rural areas. Some of them have been successful to send their children to educational institutes outside the villages for pursuing higher education.

Women are becoming socially responsive as well as socially empowered also in the phases of these social transformations of the society. They raise their voice against social evils. 60.5% of the members reported that they raise their voice against dowry and domestic violence. 60.2% of the members also participate in programmes discouraging child labour. 78% of the women showed that they do not discriminate with their girl child and try to treat them equally as boys. Microfinance programmes help to reduce gender inequalities (Littlefield et al., 2003).

The participants also enjoyed political empowerment through participation in the microfinance programmes. 60.2% of the respondents participate in the political movements freely. 71.1% of the respondents said that they are free to contest elections. The percentage was high in Kangra and Solan districts but in Sirmaur district, the percentage of respondents free to contest elections was only 28.9%. They members are very enthusiastic in participating in Gram Sabha meetings. The data show that 84.1% of the members are participating in the Gram Sabha meetings in all the districts. 76.6% of the total women said that take their own voting decision. More than 70% of the respondents of Kangra, Solan, Sirmaur districts.

Various researches have shown that economic empowerment is a powerful route with which women who make up the majority of population achieve their potential contribution to their family, and to the economy as a whole. A woman plays a ceaseless and never-ending role of a leader in her entire life in one way or another. Therefore, she contributes towards sustainable development.

Women Paving Their Way Towards Transformational Leaders

Microfinance programme is in fact contributing to the economic and social development of the women in the area of study that has ultimately paved way to fulfil their leadership desires and helped them to become transformational leaders. The transformational leadership

has a positive relation with followers' creativity. The followers' creativity is then dependent on the organizational climate provided and the subordination identification with the leader (Wang and Rode, 2010). According to Bass (1991), transformation leadership means broadening the viewpoint and promoting subordinate interests in a sense that they are able to focus their efforts for developing the organization. Such leaders continuously strive for motivating the members and working together to achieve common interest. The sustainability of the group matters at that point of time. The entrepreneurial leader needs to be communicative and he/she must be able to convey his/her vision to the team/group so that it becomes a shared vision and the group achieves success (Sharma and Arora, 2015).

Under the SHG bank-linkage programme, women have played an important leading role. In 2007–2008, women run and controlled 79.57% of SHGs. Women contributed 31086.5 million to the savings accounts of banks, thereby contributing towards the capital-formation process of the economy of the country. This amount increased to 51043.3 million in 2011–2012. Various reports of NABARD show that the SHG bank-linkage programme has proved as not only an effective tool in empowering women, but also made them self-reliant and most of the SHGs run by women are contributing to the economic development of the country as a whole. The independence that they get in running these SHGs helps them to prove their leadership qualities and most of them are applying democratic or participative leadership style. The respondents were positive for the benefits reaped by the SHG bank-linkage programmes that they are availing with the help of various NGOs operating in their areas. In India, the scheme of providing microcredit has been launched in every state. However, the progress of this scheme varies from one state to another. Moreover, every state has its own peculiar problems that can be solved by planned development models only. One such state is the state of Himachal Pradesh that has different and peculiar issues which need to be resolved. According to the Socio-Economic Indicator Report of Himachal Pradesh, 90% of the population in Himachal Pradesh resides in rural areas and only 10% are living in urban areas of Himachal Pradesh. Out of the total rural population, 23.87% of the rural people live below poverty line. The population living here is mostly involved in agricultural activities and even the land holdings are very small.

Thus, a state having such economic conditions requires special programmes that help in the development of its people. Thereby, microfinance programme initiated by the government for the development of the rural people suits such conditions and benefits people the most. Microfinance through SHG bank-linkage programme is used for disbursing financial services to the poor with the help of various agencies like government, NGO, and the banking sector. These microfinance programmes have helped the poor people in Himachal Pradesh to get easy access to the credit facilities and other financial services and improved their standard of living.

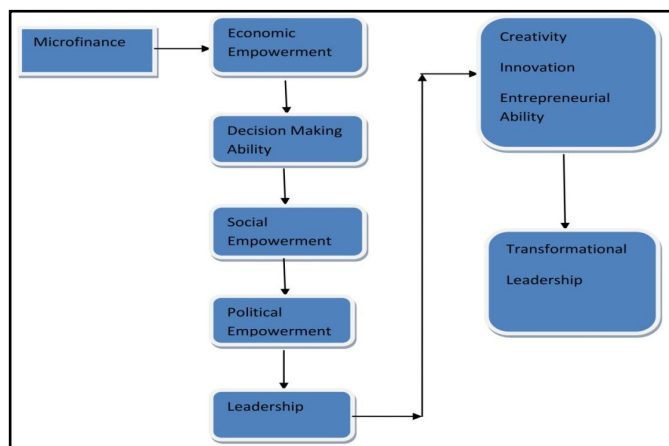
The women respondents agreed to the fact that they feel economically empowered as they have 100% credit facility. It has helped them to start their small businesses like poultry farming, dairy farming, and other agriculture-related activities. They contribute in their family decision-making; 60.6% women raised their voices against social issues like dowry, domestic violence, etc. 60.3% women raised their voice against child labour. They feel more confident and independent in their families. Most of the women were positive about the fact that they send their children to schools for education and discuss about the future of their children. 76.7% women members take important decisions regarding the education of their children. They are also able to earn well and their standard of living has increased considerably. Women are actively participating in their children's education-related decisions. Gaining power and authority is an important element of the leadership (Rost, 1995). Power is also considered as a significant element of the empowerment. According to Page and Czuba (1999), "empowerment is a multi-dimensional social process that helps people gain control over their own lives. It is a process that fosters power (that is, the capacity to implement) in people, for use in their own lives, their communities, and in their society, by acting on issues that they define as important" (para, 12).

In India, SHGs help the women clients to become independent leaders. In Himachal also, the SHGs work on the participative style of the leadership where each member of the group has an equal say in taking the decisions of the group. Rural women are getting a chance to come out of the domestic walls, assume the role of the leader, and raise their voice. For the success of a woman under this programme, it is necessary to inculcate and

practice the leadership qualities. The success of the group lies in the fact that the women members of the group should be able to take important decisions related to day-to-day functioning of SHGs. Like other businesses, it is necessary to have constant supply of money for survival and growth of group and for repaying the loan borrowed from banks. Thus, leadership qualities are must for getting the best out of available resources.

Transformational leaders can be democratic and participative (Bass, 1999). SHGs are following the democratic approach of managing their activities including the leadership style. Molero et al. (2007) confirmed that there is positive relationship between transformational leadership and democratic leadership. The leadership traits with gender have always remained an issue of argument. They discussed that leadership styles inculcated and adopted by women are somewhat different from that of men. Women have certain characteristics that differentiate them from men on various aspects. It was also believed that women are more participative or democratic having more patience and listening skills (De la Rey, 2005). Eagly and Johnson (1990) conducted a research for comparing and finding out the differences in leadership styles adopted by female and males. According to them, women adopt democratic or participative leadership style as compared to men who are more involved in autocratic style of leadership. Chesterman, Peters, & Ross-Smith (2004) also considered the fact that the leadership traits are different in men and women. They proved that the women are involved in consultative decision-making, work with more honesty, and discourage the competitive environment. The same practices are being followed in the SHGs of Kangra, Solan, and Sirmaur district of Himachal Pradesh. The women consult each other for taking every type of decisions. Gradually, the group leader assumes the position of transformational leader who is not only concerned for the repayment of the credit, but is also considering the welfare of every member. Uddin (2012) studied the leadership concept by linking it to SHGs. The author tried to examine the leadership style adopted by women in SHGs. The study revealed that SHGs working in rural areas are adopting the democratic style of leadership. Kabeer (2005) also mentioned that microfinance services provided to women will help them to raise their role in the decision-making process which is one of the major traits of leadership. Thus, microfinance facility to the poor, especially for women, will help in

inculcating leadership qualities among the members. The SHGs formed under bank-linkage programme are very cohesive and directed by empathetic leaders. These leaders understand each other's problems as they all belong to homogeneous background. They respect each other's viewpoint and make the strategies or plans collectively for running the group. The group becomes balanced and is connected to the leader intensely and principally. Our study revealed that women leaders are quite considerate about the needs of the group members and they take due care of all the personal and professional problems of their members. Every decision is taken on participative basis and new ideas, opinions of the group members are well discussed and implemented with consensus. It ultimately increases their motivation level to perform well. SHG members feel more independent and confident in handling business/professional situations that is paving their way towards transformational leadership. Based on above discussion, we propose a model (Figure 3) which clearly depicts that how microfinance is helping the women to be a transformational leader.



(Source: Author's Work)

Fig. 3: Relationship between Microfinance and Transformational Leadership

Conclusion

The bank-linkage programme of providing microcredit to the rural sector, especially women, has proved to be a successful tool of providing a platform for women where they can find a leader in themselves. With the financial assistance and training and development programmes, their inherent capabilities of decision-making, behaving in unusual situations, striving towards the achievement

of common goals, collaborating, negotiating, raising their voice, entrepreneurial abilities, etc., get nurtured and they come out to be strong leaders. They not only get inspired, but also inspire others, create empathy, utilize surplus funds, and take decisions for their families and children. They in the true sense are transformational leaders, who not only transform the families of group members, but also transform the community as a whole. Microfinance truly has changed the dimensions of women as leaders through the real essence of transformation.

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