The Role of Leadership in Group Cohesiveness of SHGS: A Study in West Bengal

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ABSTRACT

Self-Help Groups (SHGs) have emerged as important instruments of women empowerment, entrepreneurship development, and rural socio-economic transformation in India. While several studies have focused on the financial dimensions of SHGs, comparatively less attention has been given to the role of internal social dynamics such as group cohesiveness and leadership. The present study examines the impact of leadership style on group cohesiveness among SHGs in North Bengal, India. The study is descriptive in nature and is based on primary data collected from 326 SHG members across the districts of Jalpaiguri and Siliguri Mahakuma Parishad of Darjeeling district through a structured questionnaire using a 5-point Likert scale. Multiple regression analysis was employed to analyse the relationship between leadership style and group cohesiveness, along with selected control variables. The findings reveal that leadership style significantly influences group cohesiveness within SHGs. More structured and authoritative leadership styles were found to positively contribute to group unity, coordination, and discipline, whereas excessive laissez-faire leadership weakened cohesiveness. Group vintage and proper maintenance of records were also found to positively influence cohesiveness. The study highlights that effective leadership and strong social bonding are essential for the sustainability of SHGs, successful group income-generating activities, and the broader process of women empowerment and entrepreneurship development in rural India.

Keywords: Microfinance, Self Help Group, Leadership, Group Leader, Group Cohesiveness

INTRODUCTION

The Self Help Groups (SHGs) movement in India started following the advent and success of the Grameen Bank System in Bangladesh in the 1980s. Today, SHGs are not merely savings and credit groups; they represent a social institution where women learn to work together, support one another, build confidence, and collectively improve their socio-economic conditions.

The success and sustainability of SHGs, however, do not depend solely on financial assistance or government support. The internal dynamics of the group, particularly group cohesiveness and leadership, also play a central role in determining whether an SHG becomes a thriving institution or slowly weakens over time. Cohesiveness binds members together through trust, mutual understanding, emotional attachment, cooperation, and collective commitment, while leadership provides direction, coordination, motivation, and discipline within the group. Together, these two elements create the foundation upon which empowerment and entrepreneurship can flourish. Kabeer (2005) emphasized that empowerment involves the expansion of people's ability to make strategic life choices, particularly in contexts where such abilities were previously denied. SHGs provide women with opportunities to participate actively in social and economic activities, thereby enhancing their self-esteem and bargaining power within households and communities. Women empowerment is often considered one of the

most important achievements of SHGs in India. Before joining SHGs, many rural women had little participation in household decision-making, limited financial independence, and minimal exposure to social or economic opportunities. Through regular meetings, savings activities, collective discussions, and participation in group decisions, women gradually develop confidence, communication skills, and leadership abilities. SHGs create a safe and supportive environment where women can express their opinions, share problems, and collectively seek solutions.

The relationship between leadership and group cohesiveness is deeply interconnected. Cohesive groups are more likely to support their leaders and cooperate during collective activities, while effective leadership further strengthens trust, solidarity, and group integration. This mutually reinforcing relationship contributes significantly to the success of entrepreneurial initiatives and the sustainability of SHGs.

In the Indian context, SHGs demonstrate that women empowerment cannot be achieved solely through financial support. Collective action, social bonding, participatory leadership, and entrepreneurship are equally important in transforming women's socio-economic conditions. Through group-based income-generating activities, SHGs provide women with opportunities to become financially independent, socially confident, and collectively empowered.

Leadership style significantly influences the cohesiveness and performance of SHGs. Different leadership styles create different group environments and affect member participation in distinct ways. One commonly observed leadership style is the authoritative or autocratic leadership style. In this style, decision-making power remains concentrated in the hands of the leader. The leader gives instructions and expects members to follow them with limited participation in decision-making. While this style may sometimes help maintain discipline and quick decision-making, excessive authoritarian behaviour can reduce member participation, create dissatisfaction, and weaken group cohesiveness over time. Members may feel ignored or undervalued if their opinions are consistently neglected.

Another important leadership style is democratic leadership, which is generally considered more suitable for SHGs. Democratic leaders encourage active participation, collective discussion, and shared decision-making. Members are given opportunities to express opinions, contribute ideas, and participate in planning group activities. This leadership style strengthens trust, transparency, and emotional attachment among members. Democratic leadership often promotes higher group cohesiveness because members feel respected, valued, and involved in the functioning of the group. In the context of women's SHGs, democratic leadership also contributes significantly to empowerment by encouraging women to speak confidently and participate in collective decisions.

The laissez-faire leadership style represents a more relaxed and non-interfering approach. In this style, leaders provide members with greater freedom to make decisions independently with minimal supervision. While this style may encourage creativity and autonomy in mature and highly cohesive groups, excessive absence of guidance may lead to confusion, lack of coordination, and weak accountability. In SHGs where members have low literacy levels or limited entrepreneurial experience, completely laissez-faire leadership may reduce efficiency and weaken group discipline.

Therefore, group cohesiveness and leadership should be considered core pillars of SHG success. Without trust, unity, cooperation, and effective leadership, even financially supported groups may struggle to survive. On the other hand, cohesive groups guided by capable leaders can transform small savings collectives into vibrant institutions of entrepreneurship, empowerment, and rural development.

RELEVANT LITERATURE

Self-Help Groups (SHGs) have emerged as one of the most significant grassroots institutions for poverty alleviation, women empowerment, financial inclusion, and rural development in India. Over the years, researchers have increasingly recognized that the success of SHGs depends not only on financial mechanisms

such as savings and credit, but also on the quality of interpersonal relationships, leadership practices, trust, cooperation, and group cohesiveness among members.

According to Kabeer (2005), leadership in women's groups and community-based organizations is essential for empowering marginalized individuals and ensuring democratic participation in collective decision-making processes. Similarly, leadership within SHGs helps members develop confidence, social capital, and managerial abilities, which ultimately improve group functioning and sustainability.

Nichols (2021) observed that SHGs in India often evolve into platforms for broader community development, where women collectively discuss social problems, health, education, domestic violence, and livelihood opportunities. Singh & Padhi, (2017) argued that it is not just the economic activity but also leadership and other group characteristics such as economic position, and group status that influence the loan demand of borrowers. They also found that employment, land ownership, and vintage of groups also impact loan demand.

While Parida & Sinha, (2010) highlighted the importance of group leader in female-based SHGs and that, the group performs better and the per capita savings are also more as compared to their counterparts. NABARD (2006) highlighted that strong leadership is one of the most important determinants of successful SHG functioning in India. Groups with efficient and transparent leadership tend to exhibit higher levels of trust, cohesiveness, and financial discipline.

Research by Putnam (1993) emphasized that leadership enhances social capital by fostering trust, cooperation, and collective action among group members. In SHGs, leaders often act as social facilitators who bridge communication gaps, encourage mutual support, and maintain harmony within the group. Such leadership practices are especially important in rural and microfinance-based groups where social relationships strongly influence economic activities.

Studies have further shown that leadership quality significantly affects SHG performance outcomes such as savings mobilization, loan repayment, income-generating activities, and member participation. According to APMAS (2009), SHGs with active and accountable leadership demonstrate better operational efficiency and long-term sustainability compared to groups with weak leadership structures.

Although Self-Help Groups (SHGs) have been widely studied in India in relation to microfinance, women empowerment, poverty alleviation, and financial inclusion, comparatively limited attention has been given to the internal social dynamics that determine the long-term sustainability and effectiveness of these groups. Most studies examine these constructs in a static manner, without considering how leadership practices influence group cohesiveness within SHGs in India. Therefore, the present study attempts to address these gaps by examining group cohesiveness and leadership as interconnected social constructs influencing the performance of SHGs. The main objective of this study is thus to analyse the role of leadership on group cohesiveness of SHGs.

RESEARCH METHODOLOGY

Research Design

The study is basically descriptive in nature, amalgamating qualitative attributes and measuring them quantitatively by employing an on-field survey method. Questionnaires pertaining to group cohesiveness and leadership based on a 5-point Likert Scale were used as a tool for collecting data from relevant respondents. A mean value of the items of performance was used as the performance score. Finally, relevant tests were conducted to find the impact of loans on group performance.

Data and Sampling Design

The geographical area of the study is West Bengal, particularly the two Northern districts of the State, Darjeeling and Jalpaiguri. In the case of Darjeeling, only the plains region of the district, that is Siliguri Mahakuma Parishad (MP) was considered, because of the geographical and demographic differences with the other areas of the

district. The study was conducted using purely primary data that were gathered using the sample survey method. Samples were drawn based on a simple random sampling technique from among 13 blocks dwelling 102-gram panchayats. The total population size of the considered universe as per the National Rural Livelihood Mission (NRLM) portal is 43532 SHGs, consisting of 4,38,791 women in the selected area of study. Initially, a total of 350 samples were drawn and data were collected, however, due to the inapplicability and incompleteness, 24 samples were discarded and hence the final sample size was considered to be 326. The elaborated population and sample data have been provided in Table 1 below.

Table 1: Population and sample size

District	Blocks	Number of GPs	Total number of SHGs	Total number of members	Samples chosen
Siliguri MP (Darjeeling)	4	22	10753	114418	89
Jalpaiguri	9	80	32779	324373	125
Total	13	102	43532	438791	214
Source: National Rural Livelihood Mission (2026)					

Tools and Techniques

Data analysis was conducted using Ordinary Least Square (OLS) technique of Multiple Regression. Descriptive statistics was used to summarise and give a clear picture to the data. In order to check for the applicability of regression, the primary pre-tests were conducted which included testing for multicollinearity, homoskedasticity, and autocorrelation of the dataset. As the objective of the study suggests, the independent variable taken for the study is leadership style, while the dependent variable is cohesiveness level of the groups. The robustness of the results was also examined using the robust standard errors.

Variables Considered and Measured

1. *Group Cohesiveness*

Group cohesiveness (GC) is used as a dependent variable which is latent in nature. The items were measured using 5-point Likert scale on a 1-5 scale.

2. *Leadership*

Leadership (L) has been taken as an explanatory variable to find its impact on group cohesiveness. Leadership has been measured using the Tannenbaum and Schmidt (1973) leadership continuum using 5- point Likert scale. The scale is on -2 to +2 range, where a lower score implies authoritative leader while higher score signifies a laissez fairre or democratic leader.

3. *Control Variables*

In order to assess the specific impact of leadership on group cohesiveness, the analysis has been conducted employing certain control variables so as to isolate the relationship between the independent and dependent variables. These control variables are as follows:

i. Vintage (V): Measures the vintage or age of the SHG (Banwo et al., 2015; Datta & Raman, 2001)
ii. Number of members (N): Measures the number of members in a group.

iii. Group Diversity (D): Caste-based diversity of the groups measured using Blau's index (Datta & Raman, 2001; Terborg et al., 1976).
iv. Education Level (E): Measures the education level of the member in a group (Garai et al., 2013).
v. Books Maintained (B): Measures the number and quality of books maintained in a group (Joy et al., 2008).

FINDINGS AND DISCUSSION

Regression analysis is used to find the impact of leadership style on group cohesiveness of SHGs. However, prior to performing the regression analysis, certain prerequisites were required to be fulfilled as a part of the validity and reliability of the data and the analysis. The reliability or internal consistency test of the questionnaire was tested using Cronbach's Alpha. Both group cohesiveness and leadership which were latent variables, measured using pre-existing scales were found to have Cronbach's Alpha values above the minimum acceptable level of 0.7 (Shemwell et al., 2015). Hence, the questions was considered reliable and safe for analysis (Table 3).

Table 2: Reliability Test

Variables	Items	Cronbach Alpha
Group Cohesiveness	6	0.840
Leadership	4	0.790

Table 4 displays the descriptive statistics of the variables under study. The descriptive statistics provide an overview of the characteristics of the SHGs included in the study. The mean value of group cohesiveness is 12.2554 with a standard deviation of 2.6632, indicating a moderate to high level of cohesiveness among the sampled groups, although some variation exists between highly cohesive and less cohesive groups. Leadership has a mean score of -0.5821, suggesting that the overall leadership style of SHGs tends to lean slightly toward the authoritative side of the leadership continuum. The wide range from -7.00 to 6.00 indicates the presence of diverse leadership styles across groups. The average vintage of SHGs is 11.62 years, showing that most groups included in the study are relatively mature and experienced. The standard deviation of 2.8276 indicates moderate variation in group age. The average number of books maintained by SHGs is 3.33, suggesting that most groups maintain basic records and documentation practices. Proper bookkeeping may reflect administrative discipline and transparency within the groups. The average number of members per SHG is 13.32, which falls within the permissible NRLM guidelines, indicating a balanced group size suitable for coordination and participation. Overall, the descriptive statistics indicate that the sampled SHGs are heterogeneous in nature, comprising groups with varying levels of cohesiveness, leadership styles, experience, and organizational practices.

Table 3: Descriptive Statistics

Variable	Frequency	Min	Max	Mean	SD
Group Cohesiveness	326	6.67	17.33	12.2554	2.6632
Leadership	326	-7.00	6.00	-0.5821	2.2236
Vintage	326	5.00	18	11.6227	2.8276
Books Maintained	326	3	7	3.33	1.474

Number of Members	326	10.00	17	13.3221	1.4740
Group Diversity	326	0.00	0.67	0.50	1.9899
Source: Authors					

Subsequently, the pre-conditions of linear regression were also checked which included testing for the presence of multicollinearity and heteroskedasticity. Multicollinearity was inspected using Variance Inflation Factor(VIF) as shown in the last column of Table 6 below, the acceptable range of which is 10 (Curto & Pinto, 2011). As the table depicts, all the variables have a VIF score of less than 2, fulfilling the assumption of the absence of multicollinearity. Further, the Breusch-Pagan (BP) test for homoskedasticity was conducted, with the null hypothesis being that the error variances are all equal, in other words, there exists homoskedasticity. The results show that the p-value of BP test statistic is more than 0.05, thus confirming the absence of heteroskedasticity (Table 5).

After verifying the pre-conditions, the regression results have been presented in Table 5. The goodness of fit of both the models have been presented in the mentioned table, which provides insights into the relationship between the dependent variable (group cohesiveness) and independent variables. The R square values of 0.614 signify that 61.4% of the variance in the group cohesiveness is explained by the independent variables considered for the study. This suggests a very good model fitness. The adjusted R square value of 0.603 accounts for the number of variables and confirms a good fit for the model. The F-statistic with the corresponding p-value of 0.000 demonstrates that the overall model is statistically significant, meaning that the predictor variables jointly have a significant effect on group cohesiveness.

Table 4: Fitness of the Models

R^2	Adj. R^2	F-Statistic	P-value	Breusch-Pagan (p-value)
0.614	0.603	55.888	0.000	0.579 (0.447)
Source: Authors				

The regression coefficients, standard error, and their significance levels for all independent variables are given in table 6. Leadership style which is used as a predictor variable for the analysis is measured in a continuum from authoritative to laissez faire leader.

Among the explanatory variables, leadership style (L) has a statistically significant negative coefficient (β = -1.003, p = 0.000). Since the leadership scale ranges from -2 to +2, where values closer to -2 indicate an authoritative leadership style and values closer to +2 indicate a laissez-faire leadership style, the negative coefficient suggests that as leadership style moves toward the laissez-faire end, group cohesiveness decreases. Conversely, SHGs led by relatively more authoritative leaders tend to exhibit higher levels of cohesiveness.

This finding implies that in the context of SHGs, a certain degree of structured, directive, and disciplined leadership may strengthen coordination, participation, and group unity. Authoritative leaders may be more effective in ensuring meeting regularity, repayment discipline, task allocation, and conflict management, all of which contribute to stronger cohesiveness. On the other hand, excessively laissez-faire leadership may reduce monitoring, coordination, and collective discipline, thereby weakening group integration and interpersonal bonding among members.

Among the control variables, vintage of the group (V) also shows a positive and statistically significant relationship with group cohesiveness (β = 0.659, p = 0.000) indicating that older SHGs tend to be more cohesive than newly formed groups. The variable representing maintenance of books by the group (B) has a positive coefficient (β = 0.198) and is marginally significant (p = 0.060). Although the relationship is slightly above the conventional 5% significance threshold, it suggests that more the number of books maintained by the group, better cohesiveness is achieved. Among other variables, caste diversity measured using Blau's index, and Education level of member are found to be statistically insignificant.

Overall, the regression findings suggest that leadership style and group vintage are the most important factors influencing group cohesiveness among SHGs. Specifically, more authoritative leadership styles and longer group existence are associated with stronger cohesiveness. The findings highlight the importance of structured leadership and sustained group interaction in promoting unity, trust, and collective functioning within SHGs.

Table 5: Regression Coefficients

Variables	Co-efficient	Std. Error	Sig. values	VIF
a	5.197	1.392	0.001	
L	-1.003	0.248	0.000	1.474
V	0.659	0.039	0.000	1.393
B	0.198	0.072	0.060	1.144
N	0.013	0.092	0.862	1.071
D	0.149	0.232	0.521	1.499
E	0.107	0.269	0.673	1.538
Source: Authors				

Robustness Tests

Following the analyses of linear regression, this study further delves into assessing whether the relationships can be generalised and whether they hold consistency under different conditions and model specifications. For this purpose, regression results have been accompanied by the robust standard errors that have been estimated using general linear model. Despite the absence of heteroskedasticity in the dataset, it is still crucial to compare the regression standard errors with the robust standard errors to enhance the effectiveness of the models (Hayes & Cai, 2007). As per Table 7, Leadership style (L) remains highly significant (p = 0.000), indicating that leadership continues to play a crucial role in influencing group cohesiveness even after adjusting for possible heteroscedasticity. Similarly, vintage of the group (V) also remains statistically significant (p = 0.001), suggesting that older groups tend to develop stronger cohesiveness due to long-term interaction, trust, and shared experiences among members. The variable representing maintenance of books (B), which was previously only marginally significant, becomes significant under robust estimation (p = 0.045), implying that proper bookkeeping and transparency contribute positively to trust and unity within the group. In contrast, the number of members (N), caste diversity (D), and education (E) continue to remain statistically insignificant, indicating that these control variables do not substantially influence cohesiveness in the sampled SHGs. Overall, the robustness results strengthen the validity of the original regression model and confirm that leadership style, group vintage, and administrative transparency are the major determinants of group cohesiveness in SHGs.

Table 6: Robustness Test Results

Variables	Robust Std. Error	Sig.
a	1.417	0.000
L	0.241	0.000
V	0.040	0.001
B	0.073	0.045
N	0.092	0.348
D	0.262	0.284
E	0.281	0.644
Source: Author		

CONCLUSIONS AND RECOMMENDATIONS

The study highlights that the effectiveness and sustainability of Self-Help Groups (SHGs) depend not only on financial activities but also on the social relationships existing within the group. Leadership style emerged as one of the most important determinants of group cohesiveness, indicating that leaders play a vital role in maintaining unity, discipline, trust, and participation among members. The findings also suggest that older groups tend to be more cohesive because continuous interaction and shared experiences strengthen emotional bonding and collective identity among members. Proper maintenance of records and transparency in group activities further contribute to trust and cooperation within SHGs.

The study also reflects how SHGs function as platforms for women empowerment and entrepreneurship in India. Through participation in savings activities, meetings, and group income-generating activities, women gradually develop confidence, decision-making ability, communication skills, and financial independence. Cohesive groups create a supportive environment where members cooperate with one another and work collectively toward common economic goals. Effective leadership becomes especially important in coordinating entrepreneurial activities, motivating members, resolving conflicts, and ensuring smooth functioning of group-based enterprises.

Based on the findings, it is recommended that greater emphasis should be placed on leadership development and group management training within SHGs. Leaders should be trained in democratic and participatory leadership practices, communication skills, conflict resolution, and transparent decision-making. Government agencies, NGOs, and financial institutions should focus not only on providing financial assistance but also on strengthening the social and organizational capacity of SHGs. Encouraging regular meetings, collective activities, and transparent bookkeeping practices can further improve cohesiveness and long-term group sustainability. Overall, strengthening leadership and cohesiveness can significantly enhance the role of SHGs as instruments of women empowerment, entrepreneurship, and rural development in India.

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