



An Empirical Study on Role of Women in Financial Decision Making of a Family: An Evidence from Kolkata, India

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Abstract: Financial knowledge has been recognized as an important element of financial decisions. In most of the developing countries like India financial education is not included in the curriculum of the students, but financial education plays a key role in financial decision making process. This study focused on financial literacy among women of Kolkata and their role in financial decision of their family. The present study is exploratory and empirical in nature. This study is based on information available through a structured questionnaire. The collected data has been analyzed through SPSS package by using different statistical tools.

Index Terms - Financial knowledge, financial education, financial decision, women's role, family's financial decision.

1. Introduction

In modern era huge chunk of population across the globe are in a great trouble while making financial decisions effectively and efficiently as the complexity of financial market and financial products are gradually increasing. Financial knowledge has been recognized as an important element in making effective financial decisions. After the global financial crisis financial knowledge i.e. financial literacy is appearing as the primary concern of the policymakers, globally. Financial literacy is nothing but the skill and perception about personal management of financial resources. It provides twin benefit of protecting individual from financial frauds as well as ensures planning for financially secure future. Research shows that common people of our society assumed that women possess less financial knowledge than men. Twenty first century is also the witness of male dominance regarding the household related capital expenditure and investment. In the year 2010 for the first time financial literacy of women got priority. Proper financial education can ensure women's better selection and utilization of various financial opportunities.

2. Literature review

Akshita (2016) tried to measure the financial decision making skill of the women of Rajasthan on the basis of their personal financial knowledge, financial attitude and behavior. The author ultimately found that poor financial literacy level among the Indian women irrespective of working or non-working is the greatest concern for the interdependency of women.

Lussardi (2017) stated that women possess significantly low level of financial literacy than that of men. Financial literacy which is one of the important predictor of personal financial attitude of the people that in case of the women are in an alarming stage and not a good indicator in the field of financial management and decision making. This study also reveal the fact that in maximum cases all the relevant financial decision of the family have been taken by the male member not the opposite sex.

Gopeekrishna & Geetha (2018) stated that financial knowledge, financial decision making, financial management etc. are the key factors that determinates financial empowerment. Self-help group's women in Kerala are found to have positive financial attitude toward their financial goals but they do not possess a suitable medium to channelized their hard earn money into investment. Man in the families encouraging their women to take loan but they never encourage participation in purchase or any investment oriented decision. In this situation SEG plays a significant role not only to boosts omen employment but also to encourage their financial independences.

Roy & Jain (2018) tried to find out a linkage in between financial literacy, financial knowledge, attitude and behavior of the female respondents of Jaipur city. They concluded that the general financial awareness relating to the tools and techniques of financial planning of the women are not satisfactory.

3. Objectives of the Study

In specific terms some of the objectives may be enumerated as follows:

1. To study the perception of women in financial decision making in their family.
2. To understand the financial decision making level of the women respondents among Household related financing decision, Savings & Borrowing decision and Investment decision related variables.
3. To assess the dependency of financial decision related variables upon demographic factors.

4. Research Methodology

The present study is exploratory and empirical in nature. Data has been collected exclusively from the women of Kolkata. This study is based on information available through a structured questionnaire. For collecting primary data questionnaire was formed with the help of various expert and after several round of pilot survey it was finalized. Most of respondents were contacted personally or data were collected through mailed questionnaire. Moreover, available information on this context published in different journals, books, magazines, dailies and websites has also been taken into consideration for the study as secondary source.

The collected data has been analyzed through SPSS package by using different statistical tools (viz. descriptive statistics, analysis of variance etc.). Some other qualitative data analysis techniques (Scaling techniques) has also been adopted to extract the relevant information from raw data and that are interpreted properly for conclusions and recommendations of the study.

For measuring financial decision level of the respondents this study has been considered three variables, they are as follows: Household related financing decision, Savings & Borrowing related decision and Investment related decision.

5. Data Analysis and Findings

In this section data have been analyzed from the responses received through questionnaire of 110 female respondents of Kolkata. This study focusing not only restricts itself while assessing the financial decision making capabilities of working women but also considers the views of housewives. This section contains general profile of respondents, financing decision level of the respondents among different financial decision related variables and different variables measuring financial decisions and their dependence on various demographic factors.

5.1 Demographic Profile of the Respondents and their Perception

110 female respondents were taken from Kolkata. As this paper focused on the financial decision making level of the female member of a family, the minimum age of the respondent is considered as 20 years and they must be completed their graduation and involved in the financial decision making process of their family.

Table 1: Demographic Profile of the Respondents

| Demographic characteristics | Class | Frequency | Percentage |
|-----------------------------------------|----------------|------------|------------|
| Age (Years) | 20 to below 30 | 35 | 31.8 |
| | 30 to below 40 | 27 | 24.5 |
| | 40 to below 50 | 19 | 17.3 |
| | Above 50 | 29 | 26.4 |
| | Total | 110 | 100 |
| Educational Qualification | UG | 25 | 22.7 |
| | PG | 53 | 48.2 |
| | Professional | 32 | 29.1 |
| | Total | 110 | 100 |
| Employment status | Housewives | 32 | 29.1 |
| | Self employed | 20 | 18.2 |
| | Business | 17 | 15.5 |
| | Service | 41 | 37.3 |
| | Total | 110 | 100 |
| Monthly Family Income (Rs. in Thousand) | Below 25 | 3 | 2.7 |
| | 25 to below 50 | 40 | 36.4 |
| | 50 to below 75 | 9 | 8.2 |
| | Above 75 | 58 | 52.7 |
| | Total | 110 | 100 |

Demographic characteristics of the sample reveals that 31.8% of the sample are within the age group of 20 to below 30years, 24.5% of the sample are within 30 to below 40 years, whereas only 17.3% of the sample are in 40 to below 50 age band and 26.4% of the sample are within the age group of above 50 years. In terms of educational qualification about 22.7% are graduate, 48.2% are post graduate and the rest 29.1% are having higher professional qualification. Employment status of the respondents reveals that majority i.e. 37.3% of the sample are from service holders, followed by 29.1% who are the homemaker, 18.2% of the sample are from self-employment and rest i.e. 15.5% are from the category of business women. Income level of the respondents shows that only 2.7% of the respondents are having monthly family income less than Rs.25,000, 36.4% of the sample are having monthly family income between Rs.25,000 to below Rs.50,000. Only 8.2% of the sample are falling in the category those who are having a monthly family income between Rs.50,000 to below Rs.75,000, whereas majority of the respondents are within the monthly family income of above Rs.75,000.

5.2 Financial Decision level of the Respondents among Different Financial Decision Related Variables

In this study financial decision related attributes of the sample respondents have been measured with the help of a bipolar scale (1-2-3-4-5). Two extreme end of the scale 1 signifies extreme low financial decision making level and the other end of the bipolar scale 5 signifies extreme high financial decision making level. To measure financial decision level of the respondents the present study considers total three segments like: Household related financing decision, Savings & Borrowing related decision and Investment related decision.

Table 2: Reliability Statistics

| | Cronbach's Alpha |
|----------------------------------------|------------------|
| Household related financing decision | 0.819 |
| Savings and Borrowing related Decision | 0.786 |
| Investment related Decision | 0.682 |

Source: SPSS

Cronbach's alpha coefficient confirms the internal consistency of the set of items of a given scale. In general, any value greater than 0.50 is desirable under the Cronbach's alpha. The above value of cronbach alpha ensure that the internal consistency of the dataset is satisfactory.

Table 3: Household financing decision related Score of the Respondents

| Decision level | Average Score | Frequency | Percentage (%) |
|----------------|---------------|-----------|----------------|
| Low | 1—below 2 | 13 | 11.8 |
| Medium | 2—below 3 | 11 | 10.0 |
| High | 3—below 4 | 62 | 56.4 |
| Very high | 4—5 | 24 | 21.8 |
| Total | | 110 | 100 |

Source: SPSS

The financing decisions of the household are very crucial as well as a complex thing that need to perform well, so that the proper utilization of the limited fund earned by a household is being ensured. This decision ultimately leads a household in performing their saving and investment behavior. Generally this decision are taken by a women in a family. An adequate financing decision ensures growth and development of the economy of a country. The above table depicts that 56.4% of the respondents are having high level of household relating financial decision making capability whereas only 21.8% of them possessed very high level of financial decision making capabilities. 11.8% and 10% of the sample showing low and moderate level of financing capabilities.

Table 4: Saving and borrowing decision related Score of the Respondents

| Decision level | Average Score | Frequency | Percentage (%) |
|----------------|---------------|-----------|----------------|
| Low | 1—below 2 | 00 | 00 |
| Medium | 2—below 3 | 5 | 4.5 |
| High | 3—below 4 | 27 | 24.5 |
| Very high | 4—5 | 78 | 70.9 |
| Total | | 110 | 100 |

Source: SPSS

Saving and borrowing related decisions are very important for the economic growth of the country, in this study it has been observed that in a family in this modern era beside male members females are also playing an important role in in saving and borrowing part of their family. It has been studied that housewives and business women are actively participate in the saving part of the family. From the above table is has been found that 70.9% of the respondents are having sound financial knowledge in saving and borrowing part. Whereas only 4.5% of the respondents are having moderate level of financial knowledge in this field.

Table 5: Investment decision related Score of the Respondents

| Decision level | Average Score | Frequency | Percentage (%) |
|----------------|---------------|-----------|----------------|
| Low | 1—below 2 | 1 | .9 |
| Medium | 2—below 3 | 4 | 3.6 |
| High | 3—below 4 | 30 | 27.3 |
| Very high | 4—5 | 75 | 68.2 |
| Total | | 110 | 100 |

Source: SPSS

Investment decisions ensures optimum utilization of the hardly earned money of an individual. In our study it has been found that 68.2% of the respondents are very much skilled while taking their investment related decisions. They tactfully select various financial instruments for effective utilization of their savings. 27.3% of the respondents are having high level of investment oriented

decision making capabilities, whereas only 0.9% and 3.6% of the respondents possess low and moderate level of investment related decision making capabilities.

5.3 Dependency of Financial Decision Related Variables upon Demographic Factors

In this sub-section the dependency of the financial decision related variables on age, educational qualification, employment status and monthly family income have been studied.

Table 6: Dependency of Household Related Financing Decision Variables on Demographic Profile of the Respondents

| Demographic Profile | F- value | P – value |
|---------------------------|----------|-----------|
| Age | 4.564 | 0.029** |
| Educational Qualification | 0.920 | 0.338 |
| Employment Status | 5.640 | 0.026** |
| Monthly Family Income | 1.299 | 0.256 |

Source: SPSS

**Indicates significant at 0.05 level

The variation of the household related financing decision across age, educational qualification, employment status and monthly family income have been studied. The F and P value of the one way ANOVA table reveals that the household related financing decision are highly dependent on age (F value= 4.564, p value= .029) and Employment status (F value= 5.640, p value= .026). Other factors are showing moderate to low level of dependency.

Table 7: Dependency of Saving & Borrowing Related Decision Variables on Demographic Profile of the Respondents

| Demographic Profile | F- value | P – value |
|---------------------------|----------|-----------|
| Age | 1.352 | 0.260 |
| Educational Qualification | 8.551 | 0.01** |
| Employment Status | 6.004 | 0.028** |
| Monthly Family Income | 1.967 | 0.141 |

Source: SPSS

**Indicates significant at 0.05 level

The variation of the saving & borrowing decision across age, educational qualification, employment status and monthly family income have been studied. The F and P value of the one way ANOVA table reveals that the saving & borrowing decision are highly dependent on educational qualification of the respondents (F value= 8.551, p value= .01) and Employment status (F value= 6.004, p value= .028). Other factors are showing moderate to low level of dependency.

Table 8: Dependency of Investment Related Decision Variables on Demographic Profile of the Respondents

| Demographic Profile | F- value | P – value |
|---------------------------|----------|-----------|
| Age | 5.685 | 0.001** |
| Educational Qualification | 3.023 | 0.033** |
| Employment Status | 2.227 | 0.396 |
| Monthly Family Income | 5.439 | 0.002** |

Source: SPSS

**Indicates significant at 0.05 level

The variation of the Investment decision across age, educational qualification, employment status and monthly family income have been studied. The F and P value of the one way ANOVA table reveals that the investment oriented decisions are highly dependent on age (F value= 5.685, p value= .001) educational qualification (F value= 3.023, p value= .033) and Monthly family income (F value= 5.439, p value= .002). Only one factor i.e. Employment Status is showing moderate level of dependency.

6. Conclusions

The main purpose of the study to explore the family's financial decision making capabilities of the women of Kolkata district in West Bengal, India. It can be concluded that most of the women are involved in household related financial decision of their family, which is most important as well as complex decision by nature. This study has found that near about 70% of Kolkata's women are having sound knowledge in household relating and saving and borrowing related financial decision making capabilities. 68.2% of the respondents are very much skilled while taking their investment related decisions. They tactfully select various financial instruments for effective utilization of their savings. It has been observed that the household related financing decision are highly dependent on age and Employment status, whereas the saving & borrowing decision are highly dependent on educational qualification and Employment status and investment oriented decisions are highly dependent on age educational qualification and Monthly family income.

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