A Study on Financial Well Being of Women Households

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Abstract

Financial well-being is defined as “a state of being financially healthy, happy, and free from worry” and is typically based on a subjective appraisal of one’s financial situation. Women households play an important role in managing finance of their houses, while dealing with various financial needs they have to encounter various financial challenges which range from financial information, financial responsibilities and financial capabilities. This study aims to understand how financial well-being is perceived by the women households and their level of financial well-being could be understood from analysing various determinants of financial well-being. It can also provide a base for developing the financial well-being among women households by understanding the sources of financial information and their respective knowledge to the concerned financial concepts.

Keywords: Financial Well-being, Finance, Women Households

Introduction

According to Porter (1990) financial well-being is one’s attitude toward the financial status based on objective aspects and judging them with regard to the standards. Financial well-being is defined as “a state of being financially healthy, happy, and free from worry” and is typically based on a subjective appraisal of one’s financial situation (Joo, 2008, p.22).

Financial well-being is one’s satisfaction towards their financial situation. It is like a continuum ranging from financial stress of individuals being highly satisfied with their financial situation. With continuous financial learning and efforts one can move from a situation of financial stress and attain financial satisfaction or well-being. Explaining financial well-being in the context of high income would be inappropriate because a high-income person may sometimes financially healthy or satisfied, hence we can say that financial well-being is a situation, were a person is away from his financial worries and stays financially happy. Financial well-being has significant effect on once over all well-being. More specifically, women are the manager of household finance. They plan, allocate, meet expenditures and save etc. for their family. Hence it is necessary to assess the level of financial well –being among the women household in Kerala and the factors effecting financial well-being. The assessment of financial well-being and its determinants will enable the government to enhance the economic and financial well-being and standard of living of women households in the state.
Review of Literature

Taran Agarwal (2016) in his study attempted to correlate financial literacy and financial wellbeing. The study involved in ascertaining the importance of financial literacy programmes and how they are crucial for achieving a greater penetration of financial wellbeing in banking employees. The study which was conducted in India suggested that financial literacy is extremely vital for achieving financial wellbeing of banking employees in India.

Vlaev and Elliott (2014) identified the components of financial well being. These are income, financial ratios, financial satisfaction on income, savings and investment, financial behaviour and financial attitude on the investments. The higher financial confidence generates a higher financial outcome whereas the higher financial confidence is increased by higher financial literacy and personality traits of respondents.

Marzieh et al., (2013) revealed the age and education are positively correlated with financial literacy and financial wellbeing. Married people and men are more financially literate. Higher financial literacy leads to greater. Higher financial literacy leads to greater 55 financial well-being and less financial concerns. Finally, financial wellbeing leads to less financial concern.

Zaimah et al. (2013) conducted a study on the financial ratio analysis of married public sector workers in Malaysia to determine their financial wellbeing. The study revealed that many public sector workers do not cultivate effective saving habits in their lives and instead spend more than their earnings. Although the objective of the study was to identify the level of financial wellbeing of dual-earner families in Malaysia, the study did not exhaustively measure financial wellbeing level having defined it as an objective and a subjective measure.

Klapper and Panos (2011) are of the view that higher financial literacy and well-being are positively related to retirement planning and investing in private pension funds. However, while studying the impact of financial literacy and well-being on saving behavior one should be careful because of serious implications prevailing on various savings plans.

Significance of the Study

The study is conducted to understand financial well-being among women households. Women household plays an important role in managing the finances of a house ranging from allocating funds for groceries to local finances and repaying loans, hence women household plays a central role in allocating and managing the finances and sustaining financial well-being through appropriate allocations of funds. Their financial well-being assessment will provide valuable inputs to formulating the policies for the financial enhancement of women households in our state. Hence this study is carried out to understand what is the conceptual framework of financial well-being and what are the major factors affecting financial well-being of women households and on the basis of these factors determining the financial well-being of women households.

Objectives of the Study

- To understand the theoretical concept of financial well-being.
- To identify the determinants of financial well-being among women households.
- To assess the level of financial well-being among women households.
- To make suggestions and recommendations based on study.

Methodology

This study utilized a structured questionnaire to gather data for addressing the objectives. The overall population of the study includes all women from the age of 20 and above 60. The aim was to get sample size higher than 100. Data was collected online. Random Sampling method was used. Google form was created and forwarded to 150
respondents and got response from 100. Thus, the sample size is 100, which would help to draw a meaningful conclusion. Literature review helped in generating the items on a provisional basis for inclusion in the Questionnaire. Secondary data was collected by referring websites, journals & working papers. Likerts Five-point scale was used to understand opinion of respondents towards the statement provided. Percentage was used as Tool for analysis.

Analysis

1. Demographic profile of respondents

| TRAITS                | FREQUENCY | PERCENTAGE |
|-----------------------|-----------|------------|
| **Age**               |           |            |
| 20-40                 | 65        | 65         |
| 40-60                 | 35        | 35         |
| Above 60              | 0         | 0          |
| **Educational Level** |           |            |
| Matriculation         | 14        | 14         |
| Graduation            | 52        | 52         |
| Post-Graduation       | 28        | 28         |
| None                  | 6         | 6          |
| **Family Type**       |           |            |
| Nuclear Family        | 86        | 86         |
| Joint Family          | 14        | 14         |
| **Status of Women**   |           |            |
| Married Working Women | 30        | 30         |
| Unmarried Working Women| 35      | 35         |
| Housewife             | 35        | 35         |
| **Family Income**     |           |            |
| Greater than or Equal to 15000 per month | 64 | 64 |
| Less than 15000 per month | 36 | 36 |
| **Source of Information** |        |            |
| Family Members Peers | 48        | 48         |
| Newspapers, Brochures| 20        | 20         |
| Social Media          | 32        | 32         |

*Source: Primary Data*

2. Factors influencing financial well-being of women

1. Financial Knowledge

| Financially Knowledgeable | Frequency | Percentage |
|---------------------------|-----------|------------|
| Strongly Disagree         | 5         | 5          |
| Disagree                  | 8         | 8          |
| Neutral                   | 28        | 28         |
| Agree                     | 51        | 51         |
| Strongly Agree            | 8         | 8          |
| **Total**                 | **100**   | **100**    |

*Source: Primary Data*

From the table it is clear that about 51% of women households are financially knowledgeable; and 8% of women households strongly agree with this statement and 28% of women take a neutral stand. While 8% of women households disagree and 5% of women households strongly disagree with the statement.
1.1. Enjoy Secured Financial Position

Table 2.1.1 Secured Financial Position

| Enjoy Secured Financial Position | Frequency | Percentage |
|---------------------------------|-----------|------------|
| Strongly Disagree               | 5         | 5          |
| Disagree                        | 15        | 15         |
| Neutral                         | 29        | 29         |
| Agree                           | 44        | 44         |
| Strongly Agree                  | 7         | 7          |
| **Total**                       | **100**   | **100**    |

Source: Primary Data

From the table, 44% of women households agree they enjoy a secured financial status and 7% of women households strongly agree with this statement and 29% of women households take a neutral stand; While 15% of women households disagree and 5% of women households strongly disagree with the statement.

1.2. Savings, Investment, Borrowing Pattern Gives Financial Satisfaction.

Table 2.1.2 Savings, Investment, Borrowing pattern

| Savings, Investment, Borrowing Pattern Gives Financial Satisfaction | Frequency | Percentage |
|---------------------------------------------------------------------|-----------|------------|
| Strongly Disagree                                                   | 5         | 5          |
| Disagree                                                            | 11        | 11         |
| Neutral                                                             | 35        | 35         |
| Agree                                                               | 43        | 43         |
| Strongly Agree                                                      | 6         | 6          |
| **Total**                                                           | **100**   | **100**    |

Source: Primary Data

In table 43% of women households have savings, investment, borrowing patterns which makes them financially satisfied; while 6% of women households agree with this statement and 35% takes a neutral stand. While 11% of women households disagree and 5% of women households strongly disagree with the statement.

1.3. Overall Financial Well-Being and Financial Knowledge

Table 2.1.3 Financial Well-Being & Financial Knowledge

| Particulars      | Financial Well-Being | Financial Knowledge |
|------------------|----------------------|---------------------|
| Agree            | 63                   | 84                  |
| Disagree         | 37                   | 16                  |
| **Total**        | **100**              | **100**             |

Source: Primary Data

From the table; we can infer that the majority of women households are equipped with financial knowledge and are enjoying a financial well-being position.
2. Savings and Investment

Table 2.2 Monthly Budget & Plan the needs

| Draft A Monthly Budget and Plan the Financial Needs Accordingly | Frequency | Percentage |
|-----------------------------------------------------------------|-----------|------------|
| Strongly Disagree                                              | 9         | 9          |
| Disagree                                                        | 20        | 20         |
| Neutral                                                         | 36        | 36         |
| Agree                                                           | 30        | 30         |
| Strongly Agree                                                 | 5         | 5          |
| **Total**                                                       | **100**   | **100**    |

Source: Primary Data

It is clear that about 20% of women households drafts monthly budget and plan financial needs accordingly; and 5% of women households strongly agree with this statement and 36% of women take a neutral stand. While 20% of women households disagree and 9% of women households strongly disagree with this statement.

2.1 Habit of Maintaining Emergency Fund

Table 2.2.1 Maintaining Emergency Fund

| Habit of Maintaining Emergency Fund | Frequency | Percentage |
|-------------------------------------|-----------|------------|
| Strongly Disagree                   | 7         | 7          |
| Disagree                            | 19        | 19         |
| Neutral                             | 27        | 27         |
| Agree                               | 41        | 41         |
| Strongly Agree                      | 6         | 6          |
| **Total**                           | **100**   | **100**    |

Source: Primary Data

From table 4.3.6, 41% of women households agree with managing an emergency fund and 6% of women households strongly agree with this statement and 27% of women households take a neutral stand. While 19% of women households disagree and 7% of women households strongly disagree with this statement.

2.2 Overall Financial Well Being and Savings

Table 2.2.2 Financial Well-Being & Savings, Investment

| Particulars                      | Financial Well-Being | Savings, Investment |
|----------------------------------|-----------------------|---------------------|
| Agree                            | 63                    | 68                  |
| Disagree                         | 37                    | 32                  |
| **Total**                        | **100**               | **100**             |

Source: Primary Data

From this table it is clear that majority of women households agree that savings and investment patterns leads to financial well-being of women households.

3. Personality Trait

Table 2.3 Personality Trait

| Always Avoid Risky Ventures | Frequency | Percentage |
|-----------------------------|-----------|------------|
| Strongly Disagree           | 4         | 4          |
Disagree | 7 | 7
Neutral  | 27 | 27
Agree    | 50 | 50
Strongly Agree | 12 | 12
Total    | 100| 100

Source: Primary Data

It is clear that about 50% of women households agree that they avoid risky investment avenues; and 12% of women households strongly agree with this statement and 27% of women take a neutral stand; While 7% of women households disagree and 4% of women households strongly disagree with this statement.

3.1 Believes and Values

Table 2.3.1 Believes & Values

| Believes And Values Affect Financial Decisions | Frequency | Percentage |
|-----------------------------------------------|-----------|------------|
| Strongly Disagree                             | 4         | 4          |
| Disagree                                      | 11        | 11         |
| Neutral                                       | 35        | 35         |
| Agree                                         | 44        | 44         |
| Strongly Agree                                | 6         | 6          |
| Total                                         | 100       | 100        |

Source: Primary Data

From this table it is clear that about 44% of women households agree that their believes and values affect their financial decisions; and 6% of women households strongly agree with this statement and 35% of women take a neutral stand; While 11% of women households disagree and 4% of women households strongly disagree with this statement.

3.2 Overall Financial Well-Being & Personality Traits

Table 2.3.2 Financial Well Being & Personality Traits

| Particulars | Financial Well-Being | Personality Traits |
|-------------|-----------------------|--------------------|
| Agree       | 63                    | 87                 |
| Disagree    | 37                    | 13                 |
| Total       | 100                   | 100                |

Source: Primary Data

It is clear that the majority of women households agree that their personality traits play an important role in their financial well-being.

Conclusion

Financial well-being of women households is determined by various parameters such as financial knowledge, savings and investment pattern, personal traits etc. Financial well-being depicts the financial satisfaction and happiness of individuals from their financial behaviour and decisions. Here majority of women households have financial well-being, which implies that majority of women's financial behaviour and decisions provide them better financial position. This study reveals that majority women are much aware of their respective financial position and adopts a frugal behaviour and thus contributing to overall financial well-being.
The study makes it evident that about majority of women households are educated. Thus, Education plays an important role in women's ability in grasping financial knowledge and their ability to maintain financial wellness. It is clear that majority of women households have better financial knowledge, stronger savings and investment pattern, healthier behavioural traits which leads financial satisfaction and wellness. Hence, culminating that level of financial well-being of women households makes it evident that the women households are financially satisfied and financially happy.

It can be suggested that Women must take initiative to learn basic financial concepts like simple interest, compounding, inflation and savings. Also changes in economy are also to be understood to modify their financial portfolio. Basic awareness about financial products & services can increase their financial knowledge. Inculcating positive attitude among individuals to have a healthy saving habit will bring about changes in Economy.

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