

Financial Literacy And Investment Pattern Of Working Women In Ernakulam District

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Abstract

In a developing country like India, where women account for half of the population, their contribution, offer a major support towards the economic development of the country through their saving and investment pattern. Income leads to saving and saving leads to investment. Saving is a part of the income which is reserved for some unforeseen conditions. But these savings will not generate any income if left idle. Saving when invested rationally, generates additional income in the form of capital gains. The study here tries to bring out the financial literacy level of working women and also their investment pattern in Ernakulam District. The study found that working women are not well versed with financial literacy terms and meanings to take various financial decisions relating to their investment patterns. Their investment is based on one or more of the demographic characteristics and conventional beliefs more than their literacy level. The study found that women, invest in traditional investment products and are disinterested in stock market instruments.

Key words: Financial literacy, Working women, Demographic factors, Investment pattern

1. INTRODUCTION

Financial literacy is an essential life skill of every human being to survive in the modern society. In the rapidly changing economic world, education on financial aspects is very crucial, to secure and maintain a healthy financial future of an individual and also of the nation as a whole. **Adi, Yevgeny, Orly** (2016) states financial literacy as a product of economic and theoretical knowledge employed in financial decision making. Financial decision is a routine activity which includes earning, saving, spending, borrowing, investing, etc. The soundness of the decision in these activities requires a whole knowledge of finance and its terminologies, and its efficient management. Financial literacy is an essential requirement for an efficient decision making, on the part of income earning categories in particular. The absence of it may even destroy the future of their dependents and also of the nation as a whole. Therefore, it is very essential to be financially literate to handle and solve day to day financial activities and problems and also for taking rational investment decisions. The financial decision making activities have become an essential part of not only men but also of women as they also contribute a sufficient amount of their income for the wellbeing of their family. Women have the habit of accumulating money at home which was evidenced from the study of **Bani Saha (2016)**. Since the saving habit is prevalent more among women, they constitute a major role in the development of the nation. These funds, if properly invested would earn them good return which would help in safeguarding their future. Working women, play a vital role in maintaining the financial health of her family. Her decisions on investment, affects the future of her dependents. So, the present study aims to measure the literacy level of working women and how they structure their investment pattern, as the choice of investment is affected to a large extent by the financial literacy as proved by **Ajay Singh (2016)**.

2. REVIEW OF LITERATURE

Annamaria Lusardi and Olivia.S.Mitchell (May2011), in their study revealed the fact that, older Americans are not confident in their retirement savings plan, and the reason behind poor planning is lack of financial literacy. In this study, the researcher has made an attempt to see whether the “real people” plan and manage their future retirement programs by themselves. The study found that only one-third plan for retirement, out of which only two-third of them succeed in their plan. **R.**

Sellappan, Ms. S. Jamuna & Ms. Tnr. Kavitha (2013), made an attempt to study the investment behaviour of working women in Erode district. Their review highlighted the autonomy of women in Southern parts of India as compared to the Northern India. The researchers review on past studies have highlighted that women in Northern India have limited autonomy and decision making power and so their contribution is less towards economic development when compared to the women of South India. **Jyothi Gupta (2016)**, made an attempt to determine the correlations between the three important variables of financial literacy- financial attitude, financial behaviour and financial knowledge of salaried women in Delhi, thereby measuring the score of financial literacy. The study concluded that there is positive correlation between all the three variables and financial literacy. This study helped to determine the proper utilisation of funds by salaried women and also helps in +routing the funds towards financial markets and instruments if proper literacy is provided by the government. **Garima Baluja (October 2016)**, has mentioned in his study that emerging financial products is initiating the need to plan and invest thoughtfully in individuals. But investing is an act that has to be backed up by financial literacy. The study focused on Indian women who are still lagging in financial literacy. The study revealed the fact that there exist a gap in terms of financial literacy among the two genders, despite of various initiatives implemented by the government. Lack of independence, education, financial resources, information, accessibility, traditional culture followed, are pointed out as some factors that affect the financial literacy among women in India. According to the researcher, women centric financial schemes would be a step towards financial inclusion. The researcher concluded by saying that financial inclusion should be used by Indians as a pathway to compete with international nations. **Pierre-Carl-Michaud(Nov 2017)**, in his study has shown that financial literacy is important for labour workforce, for it helps them from financial distress, it helps them to plan their retirement income by investing in high return financial products, it helps to fight against the economically challenging times. **Gangwar, Rachna and Singh, Ritwik (2018)**, found that the financial literacy was low in India when compared to other developed countries. But remarkable differences in the level of financial literacy were found on socio-economic, economic and social attributes. The researcher has analysed the importance of conducting a financial literacy study among adults in India. **Dr. Prof. Sanket L.Charkha & Dr. Jagdeesh R. Lanjekar (2018)** has made an exploratory study to find out the awareness level of the salaried people about the financial products in Pune city. . According to the researcher, higher the income, higher will be the savings and as such, people are willing to take some kind of risk in investment decisions. **Shanti.S A.V.N.Murty (2019)** has made a quantitative study on the impact of social and demographic factors such as age, education, income, occupation and marital status, on the financial literacy of women. A quantitative study was made, consisting of descriptive analysis to summarise the characteristics of the variables, exploratory analysis to visualise the trends and pattern in variables and inferential analysis to determine the characteristics of the population. The study revealed that age, income level and employment have positive impact on financial literacy, whereas education and marital status are less associated with financial literacy.

3. STATEMENT OF THE PROBLEM

Women, naturally have a high tendency to save money but are very poor in investing it. The saving habit is seen more among household women, but it is equally prevalent among working women also. If these savings are invested properly, it would benefit them as well as to the entire nation also. Unfortunately women are ignorant of many investment avenues available in the finance markets. In order to transform their savings into investment, they ought to be financially literate. With this objective in mind, the present study is conducted to find out the level of financial literacy among working women and their investment pattern.

4. SCOPE OF STUDY

The present study is confined to selected taluks in Ernakulam. The literacy level of working women is analysed to find out how efficiently they manage their hard earned income. The salaried women of Government, Public sector and Private sectors of selected taluks of Ernakulam District are covered under the study. The study does not include self-employed or entrepreneurs.

5. OBJECTIVES

1. To measure the level of financial literacy of working women.
2. To assess the investment pattern of working women.

6. RESEARCH METHODOLOGY

A descriptive study is carried out to examine the literacy level of working women. A sample of 128 respondents was selected from various taluks of Ernakulam district for the purpose of the study. A random sampling method has been used to select the sample from total population covering various rural and urban areas from Ernakulum Jurisdiction. Primary Data is collected through schedule and questionnaire method. The questionnaire developed by OECD has been used to collect data from the respondents to measure the literacy level of working women. The data has been analysed using SPSS. One-way ANOVA is used to measure the literacy level of working women against various demographic variables such as age, education and income and simple statistics is done to show the investment pattern followed by the respondents.

7. HYPOTHESIS

- H1:- There is significant association between age and financial literacy of working women.
 H2:- There is significant association between education and financial literacy of working women.
 H3:- There is significant association between income and financial literacy of working women.

8. ANALYSIS AND INTERPRETATION

8.1. Percentage Analysis

Table 8.1a shows the demographic classification of the respondents based on age, marital status, employment status, employment sector, income.

TABLE 8.1a

DEMOGRAPHY	CATEGORY	TOTAL	PERCENT
AGE	20-30	36	28.13%
	31-40	35	27.34%
	41-50	35	27.34%
	51-60	15	11.72%
	Above 60	7	5.47%
	Total	128	100.00%
EDUCATIONAL QUALIFICATION	High school or less	7	5.47%
	High school graduate	12	9.38%
	Bachelor's degree	40	31.25%
	Master's degree	35	27.34%
	Professional degree	34	26.56%
	Total	128	100.00%
MONTHLY INCOME	<Rs.15000	15	11.72%
	Rs.15000-Rs.30000	50	39.06%
	Rs.30000-Rs.45000	19	14.84%
	Rs.45000-Rs.60000	29	22.66%
	>Rs.60000	15	11.72%
	Total	128	100.00%

Source:-Primary Data

Interpretation

- From the table, it is seen that 36 of 128 respondents, belong to age category of 20-30, 70 respondents are equally from age group of 31-40 and 41-50.
- Only very few respondents from the age category of above 60.
- With respect to education, majority have completed their Bachelors and Masters degree. Only very few represent high school and under graduates.
- 50 out of 128 respondents have income ranging from Rs.15000-Rs.30000
- Only very few from very high and very low income groups.

8.2 ANOVA – One way Anova is used here to prove the existence of significant mean difference between financial literacy and demographic factors such as age, education and income.

H0:- There is no significant association between age and financial literacy.

H1:- There is significant association between age and financial literacy.

Table showing One-way ANOVA among different age groups.

Table 8.2a

	Sum of Squares				
Between Groups					
Within Groups					
Total					

Source: Primary Data

Interpretation

The above Table 8.2a depicts that the F value is not statistically significant at .068. Since the p value is greater than .05, the null hypothesis is accepted and alternative hypothesis is rejected. So it is proved that there is no significant mean difference in financial literacy among different age groups.

H0:- There is no significant association between education and financial literacy.

H2:- There is significant association between education and financial literacy.

Table showing One-way ANOVA among different education levels.

Table 8.2b

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	65.953	4	16.488	16.122	.000
Within Groups	125.797	123	1.023		
Total	191.750	127			

Source: Primary Data

Interpretation

Table 8.2b shows an F value that is statistically significant at .05. This proves that there is a significant association between education and literacy level. And therefore, the Null Hypothesis is rejected and Alternative Hypothesis is accepted. This proves that highly educated people are much aware of money and its concepts associated with money, than people with low level of education.

H0:- There is no significant association between income and financial literacy.

H3:- There is significant association between income and financial literacy.

Table showing One- way ANOVA among different income categories.

Table 8.2c

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	10.663	4	2.666	1.811	.131
Within Groups	181.087	123	1.472		
Total	191.750	127			

Source: Primary Data

Interpretation

Table 8.2c gives a p value which is above 0.05, that gives the basis for accepting the Null Hypothesis and rejecting the Alternate Hypothesis. This proves that the literacy level is same across all income groups and there is no significant association between income and the literacy level of the respondents.

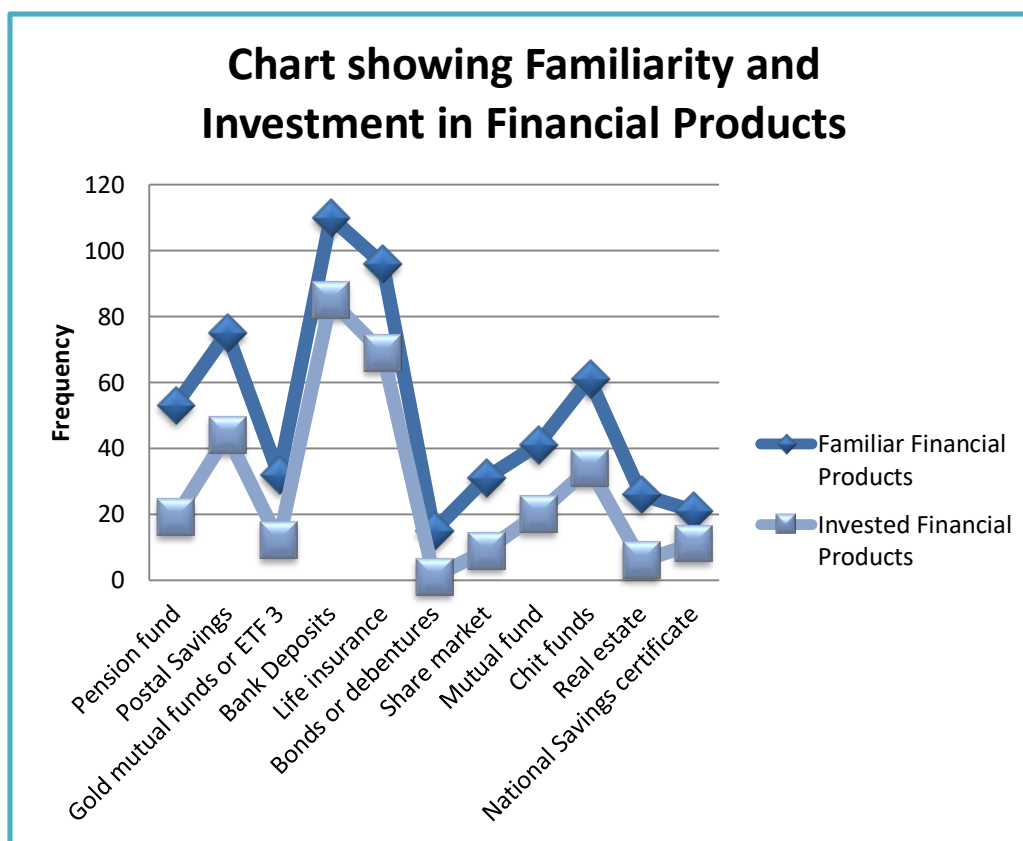
8.3 Ranking Method – This method is used to rank the investment products preferred by the respondents. It also ranks the products on the basis of familiarity.

Table 8.3a

Financial Products	Awareness of the product	Rank	Investment in the product	Rank
Pension fund	53	5	19	6
Postal Savings	75	3	44	3
Gold mutual funds or ETF	32		12	
Bank Deposits	110	1	85	1
Life insurance	96	2	69	2
Bonds or debentures	15		1	
Share market	31		9	
Mutual fund	41	6	20	5
Chit funds	61	4	34	4
Real estate	26		6	
National Savings certificate	21		11	

Source: Primary Data

Chart 8.3



Interpretation

The table and the chart above, represents the various financial products that are familiar among working women and also the products preferred and invested by them. It is clear that women prefer to invest their money in bank deposits followed by life insurance, postal saving and chit funds. These products are considered as safe and less risky products. Women, on the other hand are least interested in share market products, bonds, mutual funds. The reason for such attitude is ignorance of volatile financial products that are subject to market fluctuations. They are unwilling to risk their hard earned money on such risky avenues.

9. FINDINGS

- The percentage analysis shows that around 70% of the sample is highly educated.
- Majority of the target respondents belong to middle aged.
- The findings of Anova show the insignificant association between age and financial literacy. It means that the literacy level is same across all age groups.
- It shows significant association between education and literacy level. This states that literacy level differs within different education groups.
- Highly educated women are financially literate.
- The results show insignificant association between income and financial literacy. This states that literacy level prevalent among all income groups, whether, high or low, is same.
- Income earning women, prefer to invest in traditional financial products like banks deposits, LIC, and are least interested to invest in share market or mutual funds.
- Most of the people are unaware of various financial literacy terms as inflation, portfolio, and time value of money.
- The saving mentality is high among most of the respondents, but the actual saving is low.
- Even people who are aware of share market and mutual funds are unwilling to invest in them because of lack of guidance and financial advice from experts and besides various time constraints in follow up and updating of share market fluctuations, volatility of instruments are some reasons that refrain

women from investing in such stock market instruments. Thus, the current study revealed that investment pattern does not confirm with the literacy level.

10. SUGGESTIONS

Financial literacy is a basic skill required by every individual irrespective of the gender. So, it is equally important to open financial education evenly to women category also. The evidences of the study prove the need for imparting financial knowledge among the women population. Attempts should be made to improve the saving and investment attitude of working women. Targeted education programs should be organised to create awareness of financial concepts particularly among low income groups who needs more finance to support their future. Compulsory saving scheme could be introduced in every organisation for women employees. This would encourage them to participate in the nation building indirectly. Government along with other banking and non-governmental organisations and various self-help groups, should strengthen the financial literacy education initiatives all over the district. Government and non-governmental organisations should initiate literacy programs in regional languages. It is suggested that literacy programs highlights the importance of budgeting, portfolio, inflation, etc.

11. CONCLUSION

Nowadays, financial wellbeing is very essential as far as women are concerned, because they also share her responsibility equally with her spouse in managing the household expenses. In the study, it is found that the financial literacy level of working women is not affected by age and income. Education is the only factor that contributes towards the financial literacy. Highly educated professionals are aware of various financial literacy terms. The study reveals that most of the working women follow traditional investment pattern such as bank deposits, LIC, CHIT and Postal Savings. The results are supported by the study conducted by **Priyanka and Sarang (2016)**. Only a very few prefer to invest in share markets and mutual funds, ie. investors belonging to high income groups. This is evidenced from the study conducted by **Sanket, Charkha & Jagdeesh, Lanjekar (2018)**. Moderate and low income groups are unwilling to invest their money in products producing such rich capital gains as most of the women are risk averse by nature as evidenced by **Collard (2009)**. Women belonging to middle income groups should be given awareness regarding the various benefits they could avail from the emerging investment schemes and financial products. Being financial literate is a milestone towards women empowerment.

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