

A Study on Barriers affecting Financial Literacy of Working Women In Punjab

¹Pooja Manchanda & ²Dr. Sunita Sukhija

¹Research Scholar, Department of Commerce, Guru Kashi University, Talwandi Sabo, Punjab (India)

²Dean, University College of Commerce and Management, Guru Kashi University, Talwandi Sabo, Punjab (India)

ARTICLE DETAILS

Article History

Published Online: 10 January 2019

Keywords

financial literacy, financial attitude, financial behaviour, personal barriers, Social cultural barriers, financial barriers

ABSTRACT

Financial literacy is getting universal recognition all over the world. Despite of the fact that India has large population, fast growing economy, there is a dire need of vibrant and stable financial system. Thus to formulate and implement national strategy, financial education or financial literacy for women has gained greater importance in recent years. Women's financial potential is not up to the mark due to lack of confidence with regard to money management and investment avenues. Women do not understand the financial matters as their spouse understand. Literature reveals that women are risk averse than men. Due to this reason success of women reduces in financial markets. Most of the women are more conservative investor than men and they choose investment options with lower risks and hence they earn lower expected returns. Earlier surveys suggest that wealth holdings of single women are less risky than those of single men of having equal economic status. Today's Women is very empowered and educated, so she must have the knowledge of all tools and resources to do best by attaining their financial potential. So an effort has been made in this paper to collect information from previous research published worldwide to elaborate views regarding barriers of financial literacy for working women that influence financial literacy. Earlier researches depict the effect of personal, Social and cultural and financial barriers. This paper focuses on the basic background of barriers affecting financial literacy on the basis of reviews from recent studies.

1. Introduction

The term 'Financial Literacy' is defined by OECD INFE, 2011, "A combination of attitude, skill, behaviour, financial awareness and knowledge essential to make sound financial decisions of financial resources and to achieve financial well being". People receive financial literacy with the help of financial education. The levels of financial literacy and its affects among employers, policy makers, and educators are of immense need. Thus identifying barriers and finding its solutions for its growth is must (Lusardi A. and Tufano P., 2009). Financial literacy refers to understanding of financial concepts to make confident and effective decisions regarding finance (Worthington, 2006). Researches on financial literacy by researchers and PISA revealed that financial literacy is not up to the mark as they do not use appropriate use of financial services and available instruments in market. People load themselves with the debt, save less for their future and take unwise decisions (Mitchell, O.S., 2011). Women face many difficulties in financial well-being. The term financial literacy in itself acts as a barrier as it means if a person is financially illiterate he will be unable to take financial decisions independently. It gives us insight that a person is unable to understand financial issues. Many circumstances women are facing in their life becomes as barriers for them to become financially secure (Morris, 2007). As they earn less than men, they rest in less benefits compared to men ((Knight, 2009). Women earn less than men but have longer life expectancy (Hartford, 2008). Traditionally women are responsible for their household maintenance activities (Chen, 2002). Mostly women allow their counterparts to manage their finances. Biggest challenge for women is that they never get any financial education till they are divorced or widowed (Bach, 2002). Their

job is just to sign the financial or investment documents that their husbands ask them to do without any questions (Knight, 2009; Bach, 2002; Frankel, 2008).

As investors behaviour is an important aspect of measuring financial literacy. The financial literacy includes the attitude towards financial risk, awareness about financial products and the financial competency. Financial literacy become important among women, as the rate of working women is continuously increasing in developed and developing countries. Presently there are several reports that depicts lower financial literacy of women with compared to men i.e. gender gap exists there in financial literacy. Traditional financial literacy measures are combination of confidence and financial knowledge. If women have low financial literacy and confidence it can create obstacles in their active participation in economic welfare. As Financial literacy and financial wellbeing are mutually related (UNDP and PFIP, 2010). Even with household financial literacy differences can affect women's economic powers. Financial literacy is the main tool with the help of which financial inclusion of women can be there in the country. The need for financial education among women is the need of the hour for their empowerment and for increasing their wealth. As financial literacy is the mixture of financial knowledge, financial attitude and financial behaviour. (OECD, 2013) stated that among various factors that influence the financial literacy of individuals the leading factor is 'Gender'. Broad range of literature proves that there is a reality of gender differences in financial literacy in different countries among different dimensions. It is usually observed that usually women perform worse and less confident than men in the tests of financial skills and knowledge. Shobha and Shalini, 2015)

concluded that slowly women have starting recognizing her true strength and winning in all the fields like sports, literature, technology, politics, but still in some areas she still lag behind than men. One such area is 'personal financial planning'. In short efficiency they depict in managing household finance did not get extend to their personal financial front. Females do not possess same financial literacy with compare to male counterparts confirmed by the findings of Kharchenko & Olga, (2011), Arrondel et al, (2013), Koenen and Lusardi, (2011), Lusardi and Mitchell, (2006; 2008).

2. Literature Review

Several definitions of financial literacy exists and focus of all these definitions is on understanding of financial concepts and applying them in real life situations to make right decision and to promote financial wellness.

Lusardi Annamaria (2001) world famous financial literacy scholar and academician emphasized that in global market, people must be well-informed about their financial decisions. Women are not as financially literate as men and aware about this deficit. It seems that more educated people will be better knowledgable, but education is far from perfect substitute for financial literacy.

Chen and Volpe (2002) Study suggested that women have less financial knowledge with compare to men. It was also observed that women are less enthusiastic, lower confident and less willing to have knowledge about personal finance topics then men and reason behind this is that their informal channels were not very effective.

Annamaria Lusardi and Olivia S. Mitchell (2006) stated that there is a relationship between financial literacy and financial planning. Those who have financial knowledge are making good and successful financial plan. Women and other minorities who don't possess college degrees are having low literacy and are especially at risk and study also reveals that for better planning formal methods such as retirement calculators, retirement seminars, financial experts and lesser reliance on family, relatives, co-workers are found more reliable. Those who have higher financial literacy they save, invest more in complex assets like stocks.

Agarwal S.(2010) analysed financial literacy and financial planning of Indian Investors. Study revealed that majority of respondents answered correctly for questions related to inflation, diversification and numeracy. But still there are variations in the demographic variables. As males know better than females.

Abdul Haque and Mehwish Zulfiqar (2016) stated that economic empowerment comes from individual's ability, skill and confidence for handling own financial well being. As Individuals must be responsible for their financial literacy and they have open choice for integrated financial instruments.

3. Objective of the study

To identify and analyse the barriers affecting financial literacy and its relation with demographic profile of working women.

4. Research Methodology

The purpose of this research is to study that women are lacking in financial knowledge and confidence with respect to personal finance management and investment and barriers that are affecting their financial literacy. The study has been carried out to access the level of financial literacy among working women in Punjab. The intention of survey is to examine the knowledge of working women in financial literacy and barriers affecting financial literacy of working women. Furthermore, this study is also trying to examine the relationship between financial knowledge and attitudes of working women with their financial literacy level.

4.1 Research Design

Descriptive and analytical research design has been used to have a better understanding of the barriers that are affecting the working women of Punjab.

4.2 Sample Size and Sample Unit

For the purpose of the study, total of 500 female respondents have been studied and that are further divided into 100 respondents from each city. The sampling unit consists of respondents who are working women doing jobs in banks, colleges and other professional firms. 50 percent of the respondents are from public sector (central/state govt. /Semi-govt. Employees) and rest 50 percent respondents are from Private sector. Working women from different socio-economic levels were selected.

4.3 Sample design

For collecting the responses from female respondents convenience sampling method, which is a classification of Non-Probability Sampling Methods has been used. Only working women have been considered assuming that a person is more concerned about money when it is their own earning.

4.4 Data collection

This study adopted a quantitative method and data has been collected through a survey by using a closed ended questionnaire. Questionnaires helps in gathering information on knowledge, attitudes, opinions, behaviours, facts, and other information related to financial literacy of working women.

4.5 Analysis of data

Data collected through questionnaire has been tabulated using Excel and SPSS software, interpretation of data has been conducted on the basis of tabulation and analysis. Primary data collected is analyzed using SPSS and statistical tools like percentage analysis and ANOVA.

5. Empirical Results and Analysis

The data collected was encoded and tabulated. It is exposed to statistical tools like percentage analysis and cross analysis and ANOVA. The working women were asked to rate the various barriers that are affecting the financial literacy and its impact on decision making. The barriers were categorized into three categories viz. personal barriers, social and cultural barriers, and financial barriers. (Table: 5.1)

In the case of the analysing the impact of barriers affecting financial literacy and its relationship with demographic of

working women the results depict that 42.5% of the working women are highly influenced by the various factors that are affecting financial literacy and its influence on decision making, 30.8% of the working women are neutral about the influence of various factors, 19.6% feel that various factors have low

influence, 3.8% feel the various factors have very low affect whereas 3.3% of the working women feel that various factors are having very high influence on financial literacy and its influence on decision making.

Table: 5.1 Barriers affecting financial literacy

Personal Barriers	i. Poor Self Image of Women
	ii. Lack of Financial Education
	iii. Time Management
	iv. Lack of Self Confidence
	v. Lack of knowledge of Latest Technology
	vi. Lack of Risk bearing capacity
Social and cultural Barriers	i. Gender Discrimination
	ii. Lack of Financial freedom
	iii. Old social norms/Customs
	iv. Role Conflict
Financial Barriers	i. Lack of women based Schemes
	ii. Income Fluctuations
	iii. Tax Laws

ANOVA test is applied individually on the personal factors, social & cultural factors, and financial factors. After the test the following results were compiled:

Table: 5.2 ANOVA table based on the age

		Sum of Squares	Df	Mean Square	F	Sig.	Remarks
Personal Barriers	Between Groups (Combined)	9.396	2	4.698	5.594	.004	Rejected
	Within Groups	400.602	477	.840			
	Total	409.998	479				
Social and Cultural Barriers	Between Groups (Combined)	7.901	2	3.950	3.846	.022	Rejected
	Within Groups	489.891	477	1.027			
	Total	497.792	479				
Financial Barriers	Between Groups (Combined)	8.649	2	4.325	3.985	.019	Rejected
	Within Groups	517.599	477	1.085			
	Total	526.248	479				

Source: Primary Survey

As depicted in table 5.2 it is concluded that Null Hypothesis is rejected based on the age for all the three category of factors namely personal barriers, social and cultural barriers, and financial barriers (p=0.004, 0.022 and

0.019 respectively) and it has been found there is significant difference between age and barriers of respondents. That means age will positively impact as barrier affecting financial literacy.

Table : 5.3 ANOVA table based on the education level

		Sum of Squares	Df	Mean Square	F	Sig.	
Personal Barriers	Between Groups (Combined)	4.329	5	.866	1.012	.410	Accepted
	Within Groups	405.669	474	.856			
	Total	409.998	479				
Social and	Between Groups (Combined)	26.600	5	5.320	5.352	.000	Rejected

Cultural Barriers	Within Groups	471.191	474	.994			
	Total	497.792	479				
Financial Barriers	Between (Combined) Groups	11.987	5	2.397	2.210	.050	Rejected
	Within Groups	514.261	474	1.085			
	Total	526.248	479				

Source: Primary Survey

The results of analysis as depicted in Table 5.3 depicts that Null Hypothesis is rejected based on the education level for social & cultural barriers and financial barriers (p=0.000 and 0.050 respectively) and null hypothesis is rejected for personal barriers (p=0.410) and it has been inferred that there is no difference in education level and personal barriers affecting financial literacy means education level has no effect on the

personal barriers. There is difference in the education level and social & cultural and financial barriers, which means education level has association with social & cultural and financial barriers. Thus the level of education increases their levels of general knowledge, general awareness, level of understanding, levels of perceptions, abilities to comprehend, skills of decision making also improves.

Table : 5.4 ANOVA Table based on the type of organization

		Sum of Squares	Df	Mean Square	F	Sig.	
Personal Barriers	Between (Combined) Groups	7.511	3	2.504	2.961	.032	Rejected
	Within Groups	402.487	476	.846			
	Total	409.998	479				
Social and Cultural Barriers	Between (Combined) Groups	10.668	3	3.556	3.475	.016	Rejected
	Within Groups	487.123	476	1.023			
	Total	497.792	479				
Financial Barriers	Between (Combined) Groups	12.673	3	4.224	3.915	.009	Rejected
	Within Groups	513.574	476	1.079			
	Total	526.248	479				

Source: Primary Survey

Table 5.4 explores that Null Hypothesis is rejected based on the type of organization for all the three category of factors namely personal barriers, social and cultural barriers, and financial barriers (p=0.032, 0.016 and 0.009 respectively) and it has been found that type of organization has significant difference with barriers affecting financial literacy. We can

explain it by the fact that with the change in the type of organisation there will be positive effects on the personal, social & cultural and financial barriers. That is the reason govt. employees feel more secured for financial issues, whereas private organisation employees always feel unsecured for their finance and financial issues.

Table : 5.5 ANOVA Table based on occupation

		Sum of Squares	Df	Mean Square	F	Sig.	
Personal Barriers	Between (Combined) Groups	31.365	4	7.841	9.837	.000	Rejected
	Within Groups	378.633	475	.797			
	Total	409.998	479				
Social and Cultural Barriers	Between (Combined) Groups	43.787	4	10.947	11.453	.000	Rejected
	Within Groups	454.005	475	.956			
	Total	497.792	479				
Financial Barriers	Between (Combined) Groups	18.196	4	4.549	4.253	.002	Rejected
	Within Groups	508.052	475	1.070			
	Total	526.248	479				

Source: Primary Survey

Results of study as depicted in Table 5.5 explains that Null Hypothesis is rejected based on the occupation for all the three category of factors namely personal barriers, social and cultural barriers, and financial barriers ($p=0.000, 0.000$ and

0.002 respectively). That means occupation has significant difference with barriers affecting financial literacy. Thus financial literacy is found to be high among professional employees, executives and business women.

Table : 5.6 ANOVA Table based on marital status

		Sum of Squares	Df	Mean Square	F	Sig.	
Personal Barriers	Between Groups (Combined)	1.946	3	.649	.757	.500	Accepted
	Within Groups	408.052	476	.857			
	Total	409.998	479				
Social and Cultural Barriers	Between Groups (Combined)	7.441	3	2.480	2.408	.066	Accepted
	Within Groups	490.350	476	1.030			
	Total	497.792	479				
Financial Barriers	Between Groups (Combined)	4.128	3	1.376	1.254	.289	Accepted
	Within Groups	522.120	476	1.097			
	Total	526.248	479				

Source: Primary Survey

Table 5.6 explains that Null Hypothesis is accepted based on the marital status for all the three category of factors namely personal barriers, social and cultural barriers, and financial barriers ($p=0.500, 0.066$ and 0.289 respectively). This implies that marital status has no significant difference with personal, social & cultural, financial barriers. That means marital status has no association with the barriers affecting financial literacy.

To study the overall impact, the one-way analysis of variance (ANOVA) is used to determine whether there are any statistically significant differences between the means of various barriers affecting financial literacy and demographic variables.

Table: 5.7 ANOVA Table

		Sum of Squares	Df	Mean Square	F	Sig.	Remarks
Age of the Respondent	Between Groups (Combined)	8.241	2	4.120	4.885	.008	Rejected
	Within Groups	402.351	477	.844			
	Total	410.592	479				
Education Level of The Respondent	Between Groups (Combined)	9.286	5	1.857	2.194	.05	Rejected
	Within Groups	401.306	474	.847			
	Total	410.592	479				
Type of Organization	Between Groups (Combined)	8.448	3	2.816	3.333	.019	Rejected
	Within Groups	402.144	476	.845			
	Total	410.592	479				
Occupation	Between Groups (Combined)	36.053	4	9.013	11.431	.000	Rejected
	Within Groups	374.539	475	.789			
	Total	410.592	479				
Marital Status	Between Groups (Combined)	2.342	3	.781	.910	.436	Accepted
	Within Groups	408.249	476	.858			
	Total	410.592	479				

Source: Primary Survey

As per the results of the ANOVA test explored by table 5.7, the null hypothesis is rejected on the basis of age of the working women ($p=0.008$), education level of the working

women ($p=0.05$), type of the organization (0.019), occupation ($p=0.000$) and it is accepted on the basis of marital status (0.436).

Table: 5.8 Summary Hypothesis II

Demographic factor	Remarks
Age	Rejected
Education Level	Rejected
Type of Organization	Rejected
Occupation	Rejected
Marital Status	Accepted

As per Table 5.8 Hypothesis II is rejected based on demographic variable age, education level, type of organization and occupation. The null hypothesis is accepted on the basis of marital status of the respondent. This confirms that age, education level, type of organization and occupation has significant impact on personal, social and cultural and financial barriers of financial literacy, but marital status has no significant impact on barriers of financial literacy.

6. Conclusion

The results of this study disclosed that there is significant difference in the barriers affecting financial literacy and age, education level, type of organization and occupation. This

confirms that age displays major role in determining financial literacy. Similarly educated people manage their money in a better way for budgeting, savings and in selecting investments with higher returns and financial illiteracy will create problems in taking financial decisions. The results displayed that the Occupation and type of organisation will also have positive effect on the barriers of financial literacy for working women. Whereas marital status has no association with the barriers affecting financial literacy; this implies that marital status has no significant effect on barriers of financial literacy. These results indicate that working women need to be informed about financial literacy.

References

- Chen, H. and Volpe, R. P., (1998). An analysis of personal financial literacy among college students. *Financial Services Review*, 7 (2), 107-128.
- Volpe, R. P., Kotel, J. E. & Chen, H. (2002). A survey of investment literacy among online investors. *Financial Counselling and Planning*, 13(1), 1-13.
- Chen, H. and Volpe, R. P., (2002). Gender differences in personal financial literacy among college students. *Financial Services Review*, 11 (2002), 289-307.
- Lusardi, A. & Mitchell, O.S., (2006). Financial literacy and planning: Implications for Retirement Wellbeing. Michigan Retirement Centre. Working Paper 2005 - 108, Michigan United States, October 2006.
- Devaney, S., Anong, S., & Whirl, S. (2007). Household savings motives. *Journal of Consumer Affairs*, 41(1), 174-186.
- Max New York Life Insurance Company Ltd. & National Council for Applied Economic Research. (2007). *How India Earns, Spends and Saves: India Financial Protection Survey*. Delhi: Max New York Life Insurance Company Ltd and National Council for Applied Economic Research. Research Report.
- Stendardi, E. J., Graham, J. F., & O'Reilly, M. (2006). The impact of gender on the personal financial planning process: Should financial advisors tailor their process to the gender of the client?. *Humanomics*, 22(4), 223-238.
- Herawati, N. T., Candiasa, I. M., Yadhnyana, I. K., & Suharsono, N. (2018). Factors That Influence Financial Behavior Among Accounting Students in Bali. *International Journal of Business Administration*, 9(3), 30.
- J.Jeyanthi(2018), "Financial literacy-Problems and challenges". *Research Review International Journal of Multidisciplinary*. ISSN 2455-3085.