

Financial Literacy an apparatus to Woman Empowerment

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ABSTRACT

“यत्र नार्यस्तु पूज्यन्ते रमन्ते तत्र देवताः।” From the ancient time in India women were given special honour. But value towards women varied during different time-period. In India we are realizing to support women even after 69 years of independence. Our ranking is very poor in Gender Inequality Index (GII) i.e. 130 rank, as per human development report 2015, at a same time women workforce participation, in India is also drastically declined. Woman empowerment can be done thorough increasing financial literacy among women in India and to change current scenario. This paper is an attempt to study partaking of women in financial decision, their financial literacy and various factors affecting their involvement in Investment Decision. For this study we have collected primary data from 200 women respondents using convenience sampling method, using structured questionnaire through personal and mail survey method. Pearson chi-square test is mainly used to check significance relation between involvement of women in investment decision and various demographic factors. In our results we found that women investors are risk averse, they prefer gold and post office schemes while investing. But astonishingly they found reluctant towards life insurance. Their major reasons for less taking part in investment decision were lack of knowledge as well as lack of their interest. They were found more arousing towards family while get involved in investment decision and various demographic factors like education level, occupation and income level, which were found significant relevant to their involvement in investment decision.

Keywords: Women Empowerment, Financial Literacy

I. INTRODUCTION

The role of women in India varies from time to time. During different ages role of women were considered in a different way and their significance varied. Women were considered alike men during the vedic period. During the British period eminent persons like Raja Ram Mohan Roy and Iswar Chandra Vidyasagar emphasised on women's education in India (Prema, 2012). After independence, government of India took various steps for women empowerment. As a outcome process still women in India have started playing important role in the entire field for development, though in many part of the country women are not able to get the respectable position as they deserve.

In India the rate of involvement of women in the workforce has drastically declined in the last decade. It fell from 33.7% in 1991 to 27% in 2012, according to UN gender statistics (Madhok, 2013). Not only in India and other developing country but also in developed countries there are the issues related to gender equality. India has very high Gender Inequality Index (GII) i.e. 0.563 and having rank of 130 as per Human Development report 2015 (Jahan, 2015). The higher the GII value the more inequality between females and males and the more loss to human development. India is far behind in GII compare to not only China (0.191) but also with its underdeveloped neighbor countries like Nepal (0.489), Myanmar (0.413), Pakistan (0.536) Sri Lanka (0.370) and Bhutan (0.457). In order to bring about equity between men and women, it will be necessary to continue to take policy actions that favour women at the expense of men, and it may be necessary to continue doing so for a very long time (Ashe & Parrott, 2002).

This scenario is evidence that there is strong requisite of women empowerment efforts in India. The process of women's empowerment results in a larger share of control over a variety of resources. Such resources could be material, human, Intellectual (knowledge, information and ideas), financial (money and access to money) (Mukherji & Jain, 2009). Thus, financial literacy is one of the fundamental ways for women empowerment.

“Financial education can be compared to a road map to the American Dream. I believe that we need to teach all Americans the necessary tools to read that map, so that they can reach the Dream.” Secretary Of The Treasury Paul O’Neill

Financial literacy deals with aptitude to realize how money works in the world and education and understanding of various financial areas. It is an ability to deal with personal finance affairs in an efficient manner, and it includes the knowledge of making appropriate decisions about personal finance such as investing, insurance, real estate, paying for college, budgeting, retirement and tax planning. Financial literacy helps individuals become self-contained so that they can achieve financial steadiness. Thus, if women have enough amount of financial literacy can plan their future in better manner; this can be resulted into women empowerment. Following literature review helped us in framing objectives for this paper.

II. LITERATURE REVIEW

Cheston and Kuhn (2002) studied that microfinance has the potential to have a powerful impact on women’s empowerment. Although microfinance is not always empowering for all women, most women do experience some degree of empowerment as a result. Women need, want, and profit from credit and other

financial services. Strengthening women's financial base and economic contribution to their families and communities plays a role in empowering them. Financial literacy helps women not only in finding source of earning but also in using it wisely. Microfinance provides financial support in getting finance through employment as well as in form of borrowings for the various purposes. Women Empowerment Program (WEP) have spent its resources more cleverly had it been clear from starts its objectives was to offer some measure of ongoing support to microfinance groups (Ashe & Parrott, 2002).

Williams (2007) studied that financial literacy education empowers consumers and advances their interests. Deficiencies in consumers' financial skills have attracted regulators' attention during an era when structural changes have greatly extended the supply of financial products and made financial markets more irregular.

Mukherji and Jain (2009) in their case study of Satya Jyoti has studied that women from the remote villages in Rajasthan, particularly the rape victims and the victims of physical and sexual abuse at home are provided with legal aid and guardianship by the NGO run by Kavita. However an attempt to find job for them did not have much success as these girls lacked social skills or decision making abilities to manage the matters associated with everyday civic issues. Jyoti was ready to take in a few women to provide them employment in the farm. She realised that if helped these women would regain self-esteem and they will become strong enough to find self sustenance.

The ILM's survey of 800 men and women established that nearly half of women working in banking consider they face career barriers because of their gender and more than one-third of men agree. Nearly three-quarters of women, and half of men, made responsible the approach of senior male managers. The greater number of men in senior roles, organisational culture, lack of flexible working opportunities and shortage of female role models were seen as the other main barriers to women's career progression ("Women in Banking," 2011).

Empowerment provides opportunity to develop decision making skill and decision making ability helps in empowerment. Women's empowerment and development mutually reinforcing each other and women eventually being equal partners in richer societies (Duflo, 2012).

The results of Postmus, Plummer, McMahan, and Zurlo (2013) found positive and significant relationships between financial literacy with economic empowerment, economic self-efficacy and economic-self sufficiency. Results also signified that financial literacy, race, and economic self-reliance were significant predictors of economic empowerment. It was their intention to raise awareness about the importance of financial literacy curricula with advocates,

policy-makers and researchers, so more focus can be given to economically empowering women.

As a form of civic literacy education, financial literacy education is often outlined as promoting civic responsibility, equality and engagement (Arthur, 2012). He found that a critical, emancipator civic financial literacy is needed for a responsible, engaged citizenry who can extend and protect more vigorous commencement of freedom and democracy.

Mace (2014) reported that According to a *Women & Money Magazine* survey, 50 percent of women find it difficult to talk with others about personal finances. The survey also reveals that just one-third of all women have a detailed financial plan. For women aged 25–34, this number slumps to 10 percent. An even more sobering statistic from the survey is that for women of all ages who earn more than \$30,000 per annum, 12 percent have not yet even started in on saving for retirement.

Kaur, Vohra, and Arora (2015) found that the financial literacy level of the university students with a commerce and management background is fairly good and has nothing to do with their demographic profile. In fact, it is the curriculum that is helpful in dealing with the issue of financial literacy among students. Therefore, introducing financial and economic concepts in the itineraries (interdisciplinary courses) is needed in order to facilitate the students of various disciplines to deal in financial products and services.

Financial literacy is essential even to get advantages of various promotional schemes by government. Deprived parts of society at least need to know what kinds of schemes are proposed by government. Joshi and Rajpurohit (2016) found that major reason for the little awareness about financial inclusion schemes is lack of understanding about important role of banking services in financial betterment. They also concluded that for better outcome of financial inclusion schemes, government needs to toil on making rural customer aware about importance of various banking services in improving their financial health.

Objectives

- a) To study the awareness of women about various investment avenues.
- b) To know the involvement of women in investment decision.
- c) To study the relation between demography of women and their involvement in investment decision.

III. RESEARCH METHODOLOGY

A Descriptive research is used to describe the involvement of women in investment decisions in their families and women awareness regarding various

investment avenues. The scope of the study is limited to the survey of women in Surat city. For the study primary data has been collected by doing a survey of 200 women in Surat city using convenience sampling method. A detailed questionnaire was constructed and data has been collected through personal survey method and mail survey method. Secondary data used in the research were taken from Magazines, Newspapers, Websites, Books and Journals. These sources were used for the literature review and definitions of various terms. Person chi-square test is used to check the significance of relationship between identified variable.

IV. DATA AND EMPIRICAL RESULTS

Perception of women about risk and return of various investment avenues

Perception of risk and return is measured through likert 5 point scale. Table 1 shows weighted average score for risk and return perceived by respondents. Women respondents perceive that Saving Bank Account and Bank FD are safest avenues in contrast to PPF and Post Deposit, which are considered to be safest investment avenues as carried by the government. Women respondents also considered Gold and Life Insurance with good amount return, whereas from last few years gold is not giving good return and Life Insurance gives minimum return as it is risk covering investment avenue.

Perceptual differences in Individual (Woman) and their family in preferences for Investments

From Table 2 we can say that women have different preference for investment compare to their household. They prefer Gold and Post Office compare to their household. At the same time their preference for Life Insurance, Equity Shares and Real Estate are considerably low compare to their household preferences. It could be due to their incorrect perception about return on these investment avenues compare to current scenario.

Sources of information for Investment

Table 3 shows lack of professionalism of women investors in determining source of information for investment. Most of women depend on family & friends rather than other professional. Thus we can say women are more emotional than rational in selecting their source of information for their investment decision.

Purpose of Investment

Not only in determining source of information but also in defining objective for investment also family is in the center of women investors. Majority of women have purpose of investment is family's wellbeing then Financial security and

again about family i.e. children education. They were found least concern about retirement planning and tax benefit (Kindly refer Table 4).

Involvement of Women in Investment Decision

From Table 5 we can say that most of women are involved in investment decision in their family. But 22.5% of women do not get involved in investment decision at all. Following table shows the reason for not involved in decision.

Reasons for not involved in decision

Major reasons for not getting involved in investment decision are lack of knowledge, lack of interest and low income (Kindly refer Table 6). Caprino (2014) explained that top 5 reasons women resist investing on their own are they feel that 1) They need to check with someone else. 2) They're not sure this is the "right" time, 3) They're not clear about the return on investment, 4) They're scared that they'll actually achieve more success, 5) They fear the money should be used for their family or others.

Family members who will take investment decision on behalf of the woman investor

Data in Table 7 demonstrates dominance of male in society while taking investment decision. The data represents that in most of household investment decision are dominantly taken by male members of the family, mostly by husband and father.

Independent Investment Decision by Woman Investor

From statistics (Table 8) we observed that 77 (38.5%) of woman investor never took Independent Investment decision. Only 38 (19%) women take Independent Investment Decision ever. In detailed analysis it has been observed that out of woman investor, who have never involved in independent investment decision 40.3% women are working women having income more than Rs. 5 lac (2.6%) income between Rs. 2-5 lac (9.1%) and having income less than Rs. 2 lac (28.6%). The study ("Women in Banking," 2011) said that about 23% of working women take their own investment decisions, the rest, about 77%, depend on their spouse and/or their parents for investment decision.

HYPOTHESIS TESTING

Relationship between Involvement of women in their Family Investment Decision and various demographic factors

Different demographic factor may affect involvement of women in investment decision in their family. To check its significant we have to test following hypothesis.

H0: There is no significant relation between involvement in family's investment decision making and various demographic factors.

From the statistics (Table 9) at 95% level of significance we can say that Qualification, Occupation and Individual income level of women are significant demographic factors, in relation with women involvement in investment decision in their family. Thus we can not accept null hypothesis in case of demographic factors qualification, occupation and individual income level.

Relationship between Independent Individual Investment Decision and various demographic factors

Different demographic factor may affect involvement of women in Independent Investment decision. To check its significant we have to test following hypothesis.

H0: There is no significant relation between Independent Individual Investment Decision making and various demographic factors.

From the statistics (Table 10), at 99% level of significance, we can say that Occupation, Level of Individual Income and Experience in Investing are significantly related to Independent Individual Investment decision making, thus we can not accept null hypothesis. Other demographic factors are not significantly related to Independent Investment Decision making of women, so we can not reject null hypothesis in their cases. Even the result of survey in UK also shows that 23% (among working women) and 10% (among non-working women) were sole decision-makers ("Women in Banking," 2011)

Relationship between expectation about Future Own Investment Decision and various demographic factors

Different demographic factor may affect involvement of women in Independent Investment decision. To check its significant we have to test following hypothesis.

H0: There is no significant relation between expectations about future own investment decision and various demographic factors.

From the statistics (Table 11) at 99% level of confidence we can say that demographic factors Occupation, Level of Individual Income and Experience of Investment are significantly related to expectation of women about future own investment decision. Whereas at 90% level confidence even education and marital status are also significant, thus we can not reject null hypothesis at said level confidence is these demographic factors. But age and family income are not significantly related to expectations about future investment decision, hence we cannot reject null hypothesis in such cases.

Conclusion

In this study we observed that perception of women about return for gold and life insurance is quite optimistic in contrast to current rate of return. They have positive bias towards Gold and Post office Schemes and negative bias towards real estate, equity shares and life insurance (though expected return is high) compare to their family preferences. Women were found emotional rather than ration in determining objectives of investment as well as in sources of information for investment. Major purposes of their investments moves around their family and major sources of information for investment decision are also family & friends.

We found in the study that majority of women are involved in their family's investment related decisions. But it is also observed that due to lack of knowledge and lack of interest many women never involved in Investment Decision. Even though women are involved in investment decision still investment decision are dominated by male members of the family.

Education helps in skill building which directly or indirectly leads to acquire employment, finally result into economic wealth. Thus, synchronisation of education, employment and economic wealth are root to real empowerment. We also found that qualification, employment and individual income of women are significant demographic factors related to their involvement in investment decision. Hence we suggest that all support in well-being of women in terms of providing them education, employment and making women financial self-reliant will realise the objective of women empowerment in the society.

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List of Tables

Table: 1 Perception about risk and return

Investment Avenue	Risk Score	Return Score
Savings Account	1.49	2.04
Bank FD	1.66	2.26
Equity Shares	4.07	3.71
Mutual Fund	3.40	3.27
Life Insurance	3.08	3.19
Bonds	1.90	2.25
Debenture	3.22	3.10
PPF	2.23	2.37
Post office Savings	1.88	2.02
Gold	2.88	3.05
Real Estate	3.29	3.52

Table 2: Perceptual differences in preferences

Investment Avenue	Individual Preferred	Household Preferred
Savings Account	144	168
Bank FD	62	87
Equity Shares	32	49
Mutual Fund	33	39
Life Insurance	47	74
Bonds	23	33
Debenture	23	21
PPF	26	33
Post office Savings	55	29
Gold	93	73
Real Estate	43	81

Table 3 Sources of information for Investment

Sources	Frequency	Sources	Frequency
News	98	Family & Friends	162
Internet	84	Advertisements	89
Financial Adviser	42	Broker	24
Estate Agent	25	Financial Institutions	47

Table 4: Purposes of Investment

Purposes	Frequency	Purposes	Frequency
Financial Security	95	Retirement	44
Wealth Maximization	62	Tax Benefit	45
Children's Education	75	Family's Wellbeing	109

Table 5: Involvement of Women in Investment Decision

	Frequency	Percent
Yes	155	77.5
No	45	22.5
Total	200	100.0

Table6: Reasons for not involved in decision

Reasons	Frequency
Lack of Knowledge	30
Low Income	16
Customs & Rituals	8
Lack of Interest	22
Lack of Confidence	13
Dependence on others	11
Negative perception	5

Table 7: Family members who will take investment decision on behalf of the woman investor

Male	Frequency	Female	Frequency
Father	74	Mother	36
Son	16	Daughter	22
Husband	107	Sister	7
Brother	23		

Table 8: Independent Investment Decision by Woman Investor (with %)

		Individual Income				Total
		Not Earning	Up to Rs. 2 lac	Rs. 2-5 lac	More than 5 lac	
Always	Count	8	14	14	2	38
	%	21.1%	36.8%	36.8%	5.3%	100.0%
Some times	Count	34	34	14	3	85
	%	40.0%	40.0%	16.5%	3.5%	100.0%
Never	Count	46	22	7	2	77
	%	59.7%	28.6%	9.1%	2.6%	100.0%
Total	Count	88	70	35	7	200
	%	44.0%	35.0%	17.5%	3.5%	100.0%

Table 9: Hypothesis Testing

Demographic Factor	Pearson Chi-Square Value	Df	Asymp. Sig. (2-sided)
Qualification	8.960	3	0.030*
Occupation	8.468	3	0.037*
Marital Status	1.564	2	0.457
Individual Income	11.160	3	0.011*
Family Income	2.896	3	0.408
Age	2.705	4	0.608

* Significant at 95% level of confidence

Table 10: Hypothesis Testing

Demographic Factor	Pearson Chi-Square Value	Df	Asymp. Sig. (2-sided)
Qualification	9.970	6	0.126
Occupation	20.095	6	0.003**
Marital Status	6.526	4	0.163
Individual Income	22.549	6	0.001**
Family Income	1.734	6	0.942
Age	5.482	8	0.705
Exp. of Investing	111.181	8	0.000**

* Significant at 95% level of confidence ** Significant at 99% level of confidence

Table 11: Hypothesis Testing

Demographic Factor	Pearson Chi-Square Value	Degree of Freedom	Asymp. Sig. (2-sided)
Qualification	11.867	6	0.065#
Occupation	19.543	6	0.003**
Marital Status	8.700	4	0.069#
Individual Income	18.334	6	0.005**
Family Income	6.395	6	0.380
Age	12.720	8	0.122
Exp. of Investing	56.276	8	0.000**

Significant at 90% level of confidence * Significant at 95% level of confidence ** Significant at 99% level of confidence

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