

KNOWLEDGE, BEHAVIOUR AND ATTITUDE: FINANCIAL DECISIONS AND WORKING WOMEN

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Abstract: *We reside in a world filled with uncertainties and crisis. Many a crisis could be resolved with the help of people but perhaps when it comes to financial crisis, there are aren't much helping hands. It is very essential that individuals must think of their future and secure resources for any unforeseen events that demand financial resources to bail them out. The attitude towards prudent financial behaviour is the need of the hour. This requires dissemination of information and acquiring of knowledge. The resultant behaviour is critical to the outcome. Research was undertaken to investigate the prevailing scenario with regard to these issues, especially among working women. 378 information technology services employees working in Bengaluru were queried about their perception and the analysis revealed some insightful information.*

Keywords: *Knowledge, Behaviour, Attitude, Finance, Women.*

I. Financial Knowledge and Need for Research

Financial decisions are influenced by many factors but the prime ones happen to be the extent of knowledge possessed, the attitude on various matters, and the resultant behavioural outcomes. The level of financial literacy in the country is still inadequate and the preference for certain investments adds to the chaos (Arora, 2016). Various independent organisations and government departments are striving to raise the level of financial literacy in the country. The problem is compounded by the fact that majority of the population live in non-urban territory and are illiterate. However, with an inclination towards more children being sent to school from the primary level, there is much hope for the dissemination of information regarding borrowing, investing, spending and saving. Research is needed on a continuous basis to ascertain the perception about these issues and how such factors influence the financial decision-making. It would help the agencies to plan their financial literacy strategies as well as to provide assistance for prudent decision-making behaviour.

II. Review of Literature

II.1 Financial Knowledge: Sharma (2017) endeavoured to study the strong association between financial literacy and financial inclusion and the factors affecting the quantum of financial literacy in India. This study revealed that financial literacy level is high among male investors than female investors. It was also found that financial knowledge is high among urban investors than rural investors. Rural investors are exposed to low level of financial inclusion, such as banking habit, insurance, loans, and other financial aspects. Moreover, qualification level also has tremendous impact on the financial knowledge of investors; highly qualified have enough financial knowledge. Results also indicated that poor segment has low level of financial inclusion choice rather than the rich segment. It was concluded that improving the financial knowledge level can enhance the financial inclusion of investors.

Saha (2016) examined the financial literacy of working women. The study was found that working women have greater knowledge of savings account, fixed deposit, recurring deposits and post office deposit. Working women have poor knowledge on risky investments like equity shares, derivatives, and mutual funds. Similarly, they have knowledge on vehicle loans, housing loans, and personal loans, but lacked in other forms of loans issued by commercial banks. Financial knowledge on insurance showed that they are mainly interested to buy life insurance and very few are interested in purchasing health policies. Results also indicated that with the increasing involvement of women in the working community and with the growing need of their empowerment, they ought to be financially literate. This study suggested that women investors need to be exposed to better financial literacy.

II.2 Financial Behaviour: Kumar and Mankani (2017) attempted to test the awareness level regarding investment avenues among educated working women. This study expressed that awareness on various investment avenues is highly important to make perfect investment decision in order to suit different needs of life. This study also emphasised that investors have wide range of investment avenues such as deposits, provident funds, insurance, post office savings, and gold and silver. Moreover, other options include equity shares, mutual funds, real estates, debentures and so on for making investments. Results also revealed that financial behaviour of working women is highly dependent on low risk and high return investments. Similarly, they prefer to buy loans with minimal rate of interest and option with the pre-closure of loans. This study concluded that women have enough awareness on the investment avenues and are able to manage their portfolios in a realistic manner.

Mittal and Aggarwal (2017) investigated the investment behaviour of working women. This study stressed that investment is the part of money of a person's earnings, invested in a financial security or property with the intention to earn superior returns. The return generated by the investment may be in the form of dividend, rent, interest, or profit from the investments. This study revealed that among the various financial and physical investments women tend to choose easy formalities, less risk, high return, freedom from care, and safety investments. Moreover, women also prefer conventional way of investments such as gold and silver. The behaviour of women investors has totally changed; most women consider themselves as a saver rather than investor, and prefer to invest guaranteed return based investments. This study concluded that working women should consider advice of reliable financial planners for investment decisions.

II.3 Financial Attitude: Amutharani (2017) attempted to check the level of financial literacy and attitude among rural women. This study emphasised that rural women are less knowledgeable, more worried, less confident, and more prone to spend. This study also showed that

the rural women have less knowledge on making financial decisions in terms of credit usage, savings, investment, insurance, estate planning, and retirement planning. It was also found that rural women have knowledge on different type of bank deposits, interest, type of investment, loans, investments, and other banking services. Findings of the study revealed that the women have less chance to avail such kind of financial service, due to lack of financial service providers in rural areas. In conclusion, the financial attitude of women is mainly concerned with guaranteed return offering investments with protection of capital invested. Primarily, their focus is short-term ranging from one year to three years based on their financial requirements.

Chaudhery (2017) studied the income and investment pattern of independent women. This study revealed that the status of women has changed tremendously; the independent women has the chance to earn income, spend, and invest on their own. This study highlighted that women investment is important due to cover life risk, independency, family future, tax benefits, and capital growth. The financial attitude of women is concerned with safety of capital investment, regular and constant income, and no risk on the investment. Results revealed that women financial attitude also relies on the level of income they are earning through their effort. High income earners prefer to invest more and focus long-term, whereas, low income earners are interested to invest lesser amount and focus on the short-term. In conclusion, it was found that women investors still show interest to invest in financial products which generate risk free returns.

II.4 Financial Opportunity: Bahovec et al. (2017) attempted to analyse the individual financial performance of investors. This study stressed that gender and financial literacy are the important determinants of financial performance of individuals. This study also revealed that financial literacy is the outcome of financial opportunity available to an investor. It was found that when financial opportunity is high, the financial literacy will also be high. Results showed that the average value of men's financial performance is greater than the average value of women's financial performance with the same financial literacy position. Moreover, a greater level of financial literacy is connected to a greater level of financial performance. In conclusion, it was found that both gender and financial literacy have statistically significant influence on individual financial performance.

Praba (2016) aimed to understand the influence of gender difference on investment decision making and in addition to determine their most desired investment avenues. This study revealed that there was wide variation in risk attitude, selection of investments, preference and evaluation of investments, and source of information among men and women investors. It also studied about financial motive, financial planning, borrowing preference, income level, and investment decision making of men and women investors. Results indicated that women, even though literate and employed, still depend on others for financial decision making. Therefore, the financial opportunity in terms of risk attitude, decision making on investment and other financial affairs are done by the spouse or parents of the women. The financial opportunity and investment pattern of women is restricted than their male counterpart.

II.5 Financial Literacy: Meir et al. (2016) scrutinised the financial literacy and retirement planning of individual investors in Israel. This study stressed that growing life expectancy and reforms in retirement savings market and changes in job market post main challenges to the individuals. This study also showed that individuals are interested to make investment in order to safeguard their future from unexpected circumstances. The findings showed that the actions of seeking financial information, and monitoring domestic expenses are constructively associated with retirement planning. Surprisingly, there was no significant relationship found between financial knowledge and retirement financial literacy. Findings also indicated that financial literacy concerning retirement savings enhances individual's affinity to carefully check accounts, while financial knowledge does not essentially turn into greater levels of retirement literacy.

Mugo (2016) examined the effect of financial literacy on investment decisions among savings and credit co-operative society's members. This study recognised that financial literacy covers aspect of financial competency such as savings, spending, loan borrowing, and investments. Moreover, it considered the direct variables of financial literacy such as financial awareness, attitude, behaviour and knowledge. Specifically, it examined the influence of financial attitude, financial behaviour, financial knowledge, and awareness on investment decision making. Results indicated that there was a significant and positive association between financial attitude, investment decisions and financial knowledge. Results also showed that both financial awareness and financial behaviour have non-significant and positive association with investment behaviour. It was concluded that financial awareness and behaviour has insignificant and positive association with investment decision making.

Sebastian and Raju (2016) conducted seminal work to examine financial literacy of professional women. This study revealed that so as to manage financial resources efficiently and effectively, suitable financial knowledge and skills are needed. Financial literacy includes making personal financial decisions in the areas of investment, tax planning, insurance, retirement planning and so on. Findings showed that the women professionals have basic financial knowledge, hence still lacked in money and investment management. Women professionals showed high level of hesitation to make rational financial decisions. The findings also revealed that the majority of women professionals are not accessing prevailing investment opportunities. It was also found that most preferred investment choices such as systematic investment plans of mutual funds. It was concluded that financial literacy of professional women is found at low level.

II.6 Financial Decisions: Ansari and Phatak (2017) examined the financial risk tolerance and preferred investment avenues of investors. This study considered that financial risk tolerance is the significant factor that influences financial decision making while choosing an investment. On the basis of risk, the investors can be classified as risk taker, risk neutral, and risk averter. The financial awareness on financial market, financial system, financial securities, and financial intermediaries educates more on assessing risk content and return features of various investments. Results revealed that financial awareness enriched investor behaviour and preference to invest their funds in mutual funds, derivatives and equity shares. Moreover, financial awareness helps them to evaluate various investment alternatives, and select maximum yielding securities. It was concluded that risk tolerance among individual investor guides towards selection of various investment avenues in order to match their portfolio.

Sharma et al. (2017) carried out seminal research on factors influencing women's preferences in investment decision making. This study divulged that investment decisions are being influenced by psychographic and demographic variables of individual investors. The financial decisions making of individual varies in accordance with their own perception on different investment plans. This study revealed that women have different financial decision making perception. Results indicated that women are mainly interested to put their savings in riskless savings and investment avenues. They express high level of fear on putting their resources in high risk oriented investments. Findings revealed that safety of capital, hedge against inflation, marketability, freedom from care, and tangibility are some preferences of women

investors. It can be concluded that peer group recommendations, experts' advice, and own analysis are the motivations behind the investment decisions of women.

Syal and Walia (2017) analysed the investment decision of women with respect to different investment avenues. This study revealed that investment is made with the anticipation of positive return in the near future. Usually, investment is made with two types of objectives such as annual income in the form of rent, dividend, interest, and capital appreciation in the end. Women investors are keen to take the right decisions such as where to invest the money so as to attain maximum returns. Results revealed that investment decisions of women depend on own decisions, financial plan, advice from analyst, and diversification of investment. Results also stressed that financial decisions of women are formed under four factors such as hedging, judgement, confidence, and influence of investments. It was concluded that investment decisions of women were found to be at a satisfactory level.

Chavali and Mohanraj (2016) investigated the impact of demographic variables and risk tolerance on investment decisions. The study found that investors are mostly risk averters in nature and do not desire to prefer risk and constantly try to keep away from risk while making investment. The risk perception choice of investors relies on different demographic features like gender, age, educational qualification, income and so forth. Results of the study indicated that investor's inclination is mainly concerned with loss aversion at first than gaining from investments they made. Therefore, the behavioural features from time to time leads them to make biased decisions which actually direct to loss in earnings. Therefore, it was concluded that risk tolerance of investors greatly influences their investment decisions in various investments.

III. Methodology

Employees working in Information Technology services were surveyed. Such employees were women residing in the city of Bengaluru. The survey was administered employing structured questionnaire and purposive sampling. The sample size was 378 women employees belonging to different cadre.

IV. Analysis and Results

Figure 1 and Tables (1 and 2) present the outcome of structural equation modelling wherein the independent variables were Knowledge 1 to 5, attitude 1 to 5, and behaviour 1 to 5. The dependent variable was financial decisions.

Figure 1
Outcome of Structural Model

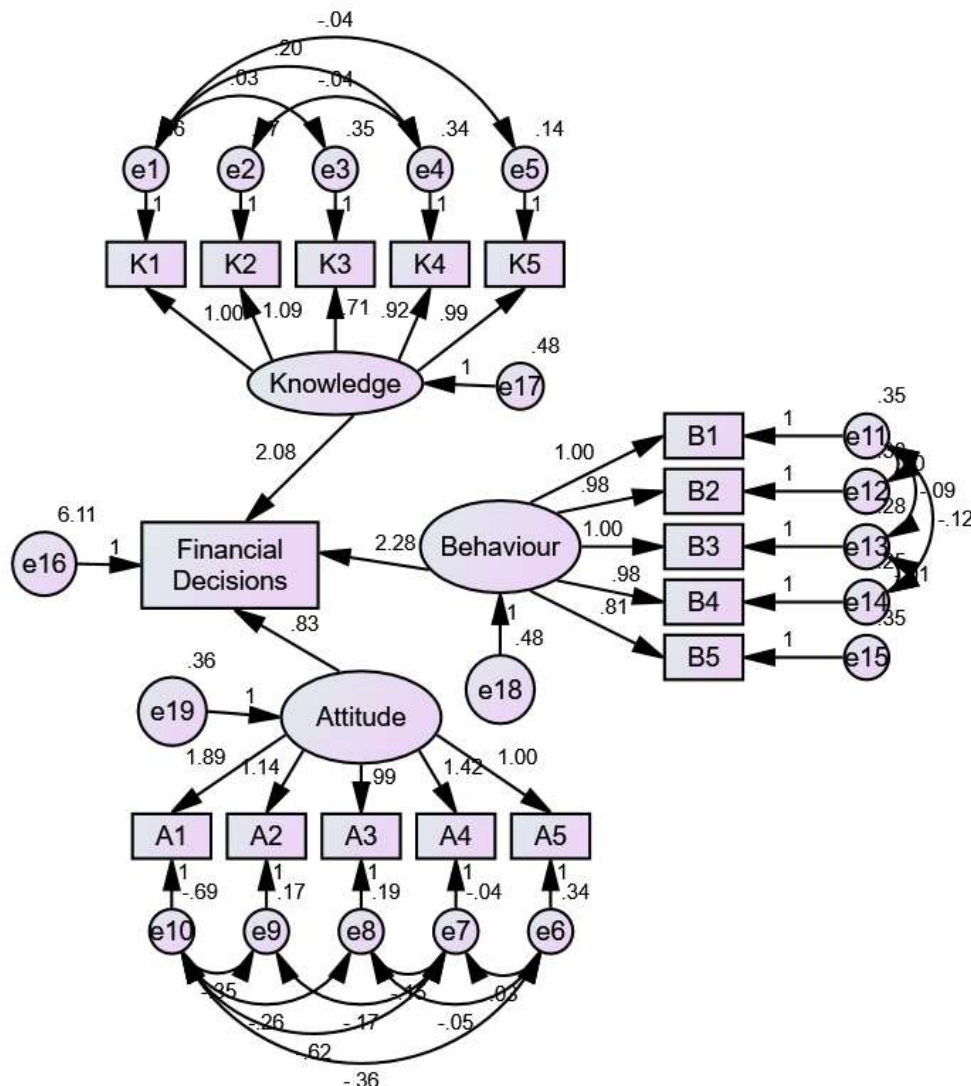


Table 1
Structural Model Path Analysis

Path			Unstandardised Coefficient	Standardised Coefficient	p
Knowledge 1	<---	Knowledge	1.000	0.754	
Knowledge 2	<---	Knowledge	1.093	0.946	***
Knowledge 3	<---	Knowledge	0.706	0.635	***
Knowledge 4	<---	Knowledge	0.921	0.739	***
Knowledge 5	<---	Knowledge	0.994	0.878	***
Attitude 5	<---	Attitude	1.000	0.719	
Attitude 4	<---	Attitude	1.424	1.029	***
Attitude 3	<---	Attitude	0.987	0.809	***
Attitude 2	<---	Attitude	1.145	0.855	***
Attitude 1	<---	Attitude	1.890	1.469	***
Behaviour 1	<---	Behaviour	1.000	0.759	***
Behaviour 2	<---	Behaviour	0.983	0.740	***
Behaviour 3	<---	Behaviour	1.005	0.797	***
Behaviour 4	<---	Behaviour	0.975	0.804	***
Behaviour 5	<---	Behaviour	0.808	0.686	***
Financial Decisions	<---	Knowledge	2.082	0.436	***
Financial Decisions	<---	Behaviour	2.278	0.477	***
Financial Decisions	<---	Attitude	0.832	0.151	***

*** Significant at $p < 0.001$

Table 2
Model Fit Indices

Fit Indices	Model Value	Preferred Value
GFI	0.997	>0.9
AGFI	0.978	>0.9
NFI	0.996	>0.9
CFI	0.998	>0.9
RMSEA	0.047	<0.06

The structural model fit indices (Haier et al., 2009; Hooper et al., 2008; Steiger, 2007) indicate good fit (Table 2).

H₀₁: Knowledge 1 has no effect on Knowledge.

It can be seen from Table 1 that the coefficient of knowledge 1 being 1.0 represents the effect of knowledge 1 on knowledge, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in knowledge, for every 1-unit increase in knowledge 1.

H₀₂: Knowledge 2 has no effect on Knowledge.

It can be seen from Table 1 that the coefficient of knowledge 2 being 1.093 represents the effect of knowledge 2 on knowledge, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in knowledge, for every 1.093-unit increase in knowledge 2.

H₀₃: Knowledge 3 has no effect on Knowledge.

It can be seen from Table 1 that the coefficient of knowledge 3 being 0.706 represents the effect of knowledge 3 on knowledge, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in knowledge, for every 0.706-unit increase in knowledge 3.

H₀₄: Knowledge 4 has no effect on Knowledge.

It can be seen from Table 1 that the coefficient of knowledge 4 being 0.921 represents the effect of knowledge 4 on knowledge, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in knowledge, for every 0.921-unit increase in knowledge 4.

H₀₅: Knowledge 5 has no effect on Knowledge.

It can be seen from Table 1 that the coefficient of knowledge 5 being 0.994 represents the effect of knowledge 5 on knowledge, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in knowledge, for every 0.994-unit increase in knowledge 5.

H₀₆: Attitude 1 has no effect on Attitude.

It can be seen from Table 1 that the coefficient of attitude 1 being 1.890 represents the effect of attitude 1 on attitude, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in attitude, for every 1.890-unit increase in attitude 1.

H₀₇: Attitude 2 has no effect on Attitude.

It can be seen from Table 1 that the coefficient of attitude 2 being 1.145 represents the effect of attitude 2 on attitude, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in attitude, for every 1.145-unit increase in attitude 2.

H₀₈: Attitude 3 has no effect on Attitude.

It can be seen from Table 1 that the coefficient of attitude 3 being 0.987 represents the effect of attitude 3 on attitude, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in attitude, for every 0.987-unit increase in attitude 3.

H₀₉: Attitude 4 has no effect on Attitude.

It can be seen from Table 1 that the coefficient of attitude 4 being 1.424 represents the effect of attitude 4 on attitude, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in attitude, for every 1.424-unit increase in attitude 4.

H₀₁₀: Attitude 5 has no effect on Attitude.

It can be seen from Table 1 that the coefficient of attitude 5 being 1.0 represents the effect of attitude 5 on attitude, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in attitude, for every 1-unit increase in attitude 5.

H₀₁₁: Behaviour 1 has no effect on Behaviour.

It can be seen from Table 1 that the coefficient of behaviour 1 being 1.0 represents the effect of behaviour 1 on behaviour, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in behaviour, for every 1-unit increase in behaviour 1.

H₀₁₂: Behaviour 2 has no effect on Behaviour.

It can be seen from Table 1 that the coefficient of behaviour 2 being 0.983 represents the effect of behaviour 2 on behaviour, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in behaviour, for every 0.983-unit increase in behaviour 2.

H₀₁₃: Behaviour 3 has no effect on Behaviour.

It can be seen from Table 1 that the coefficient of behaviour 3 being 1.005 represents the effect of behaviour 3 on behaviour, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in behaviour, for every 1.005-unit increase in behaviour 3.

H₀₁₄: Behaviour 4 has no effect on Behaviour.

It can be seen from Table 1 that the coefficient of behaviour 4 being 0.975 represents the effect of behaviour 4 on behaviour, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in behaviour, for every 0.975-unit increase in behaviour 4.

H₀₁₅: Behaviour 5 has no effect on Behaviour.

It can be seen from Table 1 that the coefficient of behaviour 5 being 0.808 represents the effect of behaviour 5 on behaviour, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in behaviour, for every 0.808-unit increase in behaviour 5.

H₀₁₆: Knowledge has no effect on Financial decisions.

It can be seen from Table 1 that the coefficient of knowledge being 2.082 represents the effect of knowledge on financial decisions, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in financial decisions, for every 2.082-unit increase in knowledge.

H_{017} : Attitude has no effect on Financial decisions.

It can be seen from Table 1 that the coefficient of attitude being 0.832 represents the effect of attitude on financial decisions, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in financial decisions, for every 0.832-unit increase in attitude.

H_{018} : Behaviour has no effect on Financial decisions.

It can be seen from Table 1 that the coefficient of behaviour being 2.278 represents the effect of behaviour on financial decisions, holding other variables as constant. The p value is significant at 0.1% level and therefore the null hypothesis is rejected. There will be 1-unit increase in financial decisions, for every 2.278-unit increase in behaviour.

V. Conclusion

All individual knowledge variables had a positive impact on the knowledge construct. The same was observed for all individual attitude and all individual behaviour variables which were observed to have a positive impact on the attitude construct and behaviour construct respectively. Knowledge, attitude and behaviour each had a positive impact on financial decisions. More effect is required on behaviour while least effort is required on attitude to influence financial decisions.

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