

A Study on Awareness of Personal Financial Planning among Working Women in the Education Sector

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ABSTRACT

Financial planning is a process of managing finances to meet the long term financial goals. Awareness about the financial products for investments and risk associated with each investment option helps in taking effective financial decisions. High awareness level towards personal financial planning also leads to financial security and financial wellbeing. The goal of the present study is to understand the awareness level of personal financial planning among working women of Himachal Pradesh and Punjab. The study also focuses on personal financial planning challenges faced by working women. The state-wise results of awareness level towards personal financial planning among working women show that women from Punjab have a higher awareness level towards personal financial planning as compared to the women from Himachal Pradesh. Majority of the women think that low financial literacy level or low awareness about the financial investment avenues and low family support are the major challenge for working women while deciding for personal financial planning.

Keywords: *Financial wellbeing, Personal Financial Planning Awareness, Personal Financial Planning challenges, Women Financial Well-being.*

1. INTRODUCTION

The Reserve Bank of India (RBI) has defined financial planning as a process of planning and managing money or current finances to meet the individual's life goals. Current finances mean everything that constitutes an individual's income, expenses, savings, assets, and liabilities. The individuals' life goals could be higher education, buying a house, retirement planning, a child's education, or marriage. Proper and timely financial planning is important to achieve financial security throughout the life cycle and to build wealth (Mirashi, 2011). Financial education is important for both women and men for their effective participation in the economic activities as well as making appropriate financial decision making not only for themselves but for their families also. However, as compared to men, women have low financial knowledge and low access to the formal financial products. Women are likely to take primary responsibility for childrearing, to make important and daily decisions about the allocation of household resources, and to have a major role in the transmission of financial habits and skills to their children. Hence, they need to have adequate financial skills not only for themselves but also for future generations. Further, financial education is needed not only to improve women's management of their personal and household finances, but also to empower them to choose and access appropriate financial services and products, as well as to develop and manage entrepreneurial activities (OECD, 2013). As per Ghosh (2015), women do not take part in the major decision-making process due to a lack of awareness and confidence. Education and awareness will strengthen their capabilities and will bring.

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2. LITERATURE REVIEW:

Financial awareness plays an important role in planning financial goals effectively as every financial goal has a monetary value. Sufficient skills and knowledge along with careful personal financial planning act as key driving forces for the long-term financial well-being of the people (Muthulakshmi & Jaisun, 2022). Financial attitude and financial awareness are the key determinants of personal financial planning (Khanal, Thapa, & Nepal, 2022). Women face various challenges to their financial independence. The major challenge is to prepare for financial well-being after retirement. Demographic factors, financial literacy, financial risk tolerance, and the attitude of women affect their financial well-being at retirement age (Amrutha, 2021). Personal financial planning is important among women for their financial well-being at the time of retirement. There is a need to improve the financial literacy level among women to enhance their personal financial planning for their security and better future (Kainth, & Bhushan, 2021). Financial planning awareness has major impact on the financial performance. The awareness level towards financial planning is good among doctors and professors as compared to the lawyers and engineers (Arpana, 2020). Financial literacy and awareness of various aspects of personal financial planning help in long-term planning on their own. Policymakers and practitioners while formulating appropriate strategies need to bridge any financial literacy gaps (Surendar & Sarma, 2018). Women do not take part in the major decision-making process due to a lack of awareness and confidence. Education and awareness will strengthen their capabilities and will bring empowerment (Ghosh, 2015). Financial literacy level affects awareness regarding financial products as well as investment preferences towards financial products (Bhushan, 2014). Study shows that perhaps the biggest barrier to financial planning for retirement is how lacking in salience the idea of retirement is for many women. Life events such as having children can change women's attitudes to saving and financial planning (Sykes & et al., 2005).

3. RESEARCH OBJECTIVES:

- To understand the level of awareness towards personal financial planning among working women.
- To know the challenges faced by working women in personal financial planning.

4. HYPOTHESIS:

- H01: There is no significant difference in the awareness level towards the components of personal financial planning among working women.
- HA1: There is a significant difference in the awareness level towards the components of personal financial planning among working women.
- H02: There is no significant difference in the awareness level towards savings for personal financial planning among working women.
- HA2: There is a significant difference in the awareness level towards savings for personal financial planning among working women.
- H03: There is no significant difference in the awareness level towards household budget for personal financial planning among working women.
- HA3: There is a significant difference in the awareness level towards household budget for personal financial planning among working women.
- H04: There is no significant difference in the awareness level towards investment instruments for personal financial planning among working women.
- HA4: There is a significant difference in the awareness level towards investment instruments for personal financial planning among working women.

5. RESEARCH METHODOLOGY:

For the study, multi-stage sampling is used for seeking information from the respondents for the research. In the first stage, colleges and universities were segregated according to the divisions and districts. In the second stage, by applying the purposive sampling; four districts from Himachal Pradesh and Four districts from Punjab were selected based on highest number of colleges and universities. In the third stage; colleges and universities were selected based on random sampling. In the fourth and final stage; structured questionnaire was distributed on convenience sampling bases. Total 473 complete responses were considered for the study.

To assess the awareness level towards personal financial planning, the financial planning awareness scales developed by (Bona & Flores, 2017) and (Nga, Yong, & Sellappan, 2010) were utilized. For testing the hypotheses and data analysis, one-way ANOVA, T-test were performed.

6. DATA ANALYSIS

6.1 SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS

Variable	Category	State			
		Punjab		Himachal Pradesh	
		Frequency	Percent	Frequency	Percent
Institution Type	Public	55	21%	62	30%
	Private	208	79%	148	70%
	Total	263	100%	210	100%
Teaching Faculty	Commerce	40	15%	13	6%
	Management	89	34%	35	17%
	Economics	30	11%	88	42%
	Others	104	40%	74	35%
	Total	263	100%	210	100%
Employment Status	Contractual	103	39%	85	40%
	Permanent	160	61%	125	60%
	Total	263	100%	210	100%
Age	Less than 20 years	1	0%	1	0%
	Between 21 years to 30 years	131	50%	98	47%
	Between 31 years to 40 years	104	40%	86	41%
	More than 41 years	27	10%	25	12%
	Total	263	100%	210	100%
Educational Qualification	Postgraduate	152	58%	96	46%
	Doctorate	107	41%	104	50%
	Others	4	2%	10	5%
	Total	263	100%	210	100%
Monthly Personal Income	Less than Rs.25,000	122	46%	93	44%
	Rs.25,001 to less than Rs.50,000	84	32%	59	28%
	Rs.50,001 to less than Rs.75,000	30	11%	33	16%
	Rs.75,001 to less than Rs.100,000	15	6%	13	6%
	Rs.100,001 or more	12	5%	12	6%
	Total	263	100%	210	100%
Marital Status	Married	162	62%	117	56%
	Single	98	37%	89	42%
	Others	3	1%	4	2%
	Total	263	100%	210	100%

Source: Primary Data

6.2 AWARENESS OF PERSONAL FINANCIAL PLANNING

To assess the awareness level towards personal financial planning, the financial planning awareness scales developed by (Bona & Flores, 2017) and (Nga, Yong, & Sellappan, 2010) were utilized. The respondents were asked to rate their awareness level on 5 points Likert scale from 1 to 5, wherein 1 was for fully not aware and 5 for fully aware. There were a total of 24 items included in the adapted scale of financial planning awareness that was based on various financial planning aspects namely; financial planning components, savings, household budgeting, and investment instruments. The following items were utilized to measure financial planning awareness levels.

AWARENESS OF PERSONAL FINANCIAL PLANNING IN TERMS OF COMPONENTS

- Possess the required knowledge and skill to prepare for Personal Financial Planning.
- Knowledge of selecting a consultant to make financial decisions.
- Knowledge about tax management.
- Knowledge about insurance management.
- Investment knowledge.
- Knowledge about liability management.
- Knowledge about estate planning

AWARENESS OF PERSONAL FINANCIAL PLANNING IN TERMS OF SAVINGS

- Knowledge about saving excess money for bank deposits.
- Savings to maintain liquidity.
- Saving for emergencies.
- Savings for lending.

AWARENESS OF PERSONAL FINANCIAL PLANNING IN TERMS OF HOUSEHOLD BUDGETING

- Awareness of food budget.
- Awareness about medicine/medical budget.
- Awareness of child education budget.
- Awareness about clothing budget.
- Awareness about miscellaneous expenses budget.

AWARENESS OF PERSONAL FINANCIAL PLANNING IN TERMS OF INVESTMENT INSTRUMENTS

- Bank Deposits/ Saving accounts/FDs
- Post Office Saving Schemes (POMIS/NSC/KVP/PPF etc.)
- Precious Metals (Gold and Silver)
- Insurance and Pension Plans
- Real Estate
- Mutual Funds
- Debentures and Bonds
- Shares

6.3 MEASUREMENT OF FINANCIAL PLANNING AWARENESS LEVEL

Analysis of Measurement of Reliability

The measurement of reliability was evaluated using Cronbach's alpha. The results are shown in Table 2.

Table 2 Analysis of Measurement of Reliability	
Variables	Cronbach's Alphas
Financial Planning Awareness in terms of Components (FPA_Comp)	0.883
Financial Planning Awareness in terms of Savings(FPA_Savings)	0.711
Financial Planning Awareness in terms of Household Budgeting(FPA_H.Budget)	0.861
Financial Planning Awareness in terms of Investment Instruments (FPA_Inv.Instr)	0.863

Source: Primary Data

As shown in above Table 2 the internal reliability of each construct is tested by Cronbach’s Alpha values and is above the acceptable value of 0.70 (Nunnally, 1978). Financial Planning awareness is shown below.

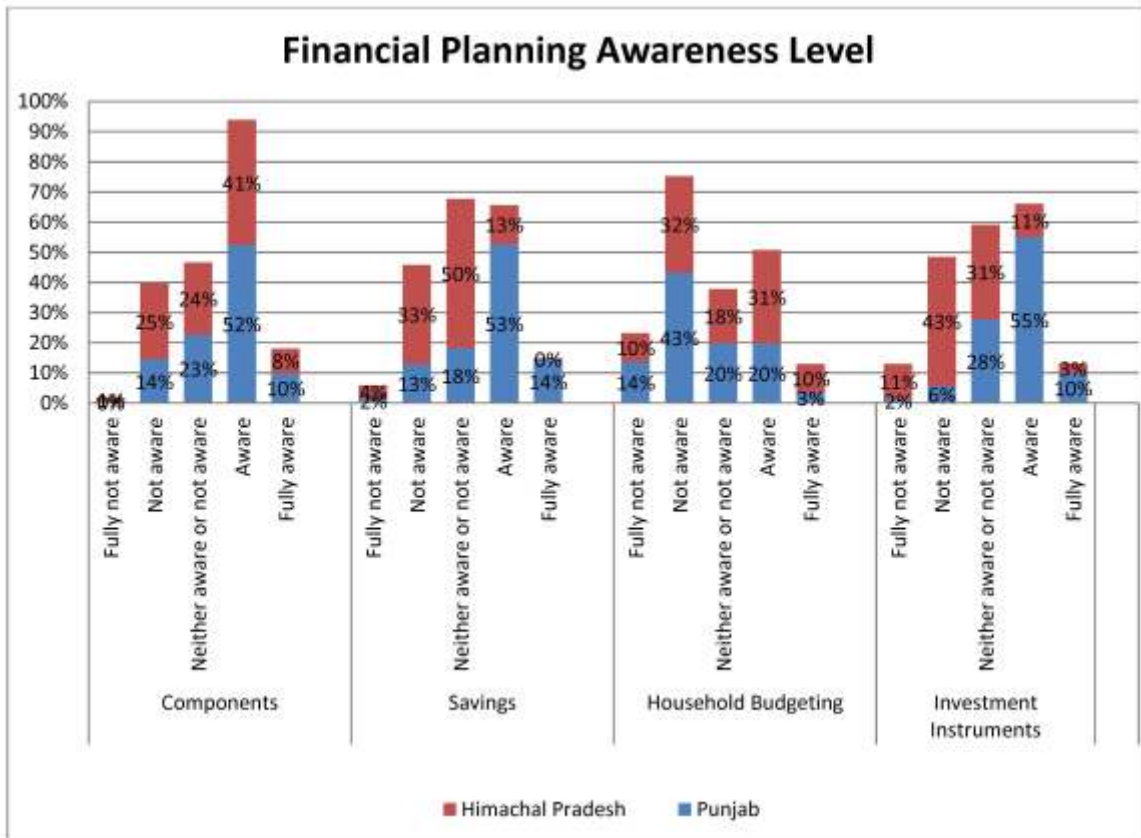


Figure 1: Source: Primary Data

As shown in the above figure 1, the respondents from Punjab have a higher awareness level of financial planning components, savings, and investment instruments and respondents from Himachal Pradesh are more aware of household budgeting. The results also show that although, awareness levels towards financial planning aspects are higher among the working women of Punjab as compared to the working women of Himachal Pradesh in the education sector. However, the percentage of fully aware of the major aspects of financial planning is very low among the working women in the education sector from both Punjab and Himachal Pradesh. Hence, there is a need to improve the awareness level of financial planning aspects among working women to enhance their financial planning participation. Further, to substantiate these empirical results, first, the main hypothesis has been proposed. Further, based on the aspects of personal financial planning, null (H0) and alternative (HA) sub-hypotheses were framed and inferences were also made state-wise.

6.4 HYPOTHESES TESTING AND TEST RESULTS

Assessing the personal financial planning awareness level

The T-test results for assessing the awareness level of working women in the education sector of Punjab and Himachal Pradesh and Punjab towards various aspects of personal financial planning are shown in below Table 3. The hypotheses were tested at a 5% significance level and inferences are made based on the main four aspects of personal financial planning namely; personal financial planning components, savings, household budgets, and investment instruments individually.

	State	N	Mean	Std. Deviation	T-value	Significance
FPA_Components	Punjab	263	3.539	0.8113813	3.594	0.003*
	Himachal Pradesh	210	3.253	0.9147043		
FPA_Savings	Punjab	263	3.555	0.9167662	12.356	0.000*
	Himachal Pradesh	210	2.613	0.6899882		
FPA_Household Budget	Punjab	263	2.590	1.0160812	-4.097	0.001*
	Himachal Pradesh	210	3	1.1574597		
FPA_Investment Instruments	Punjab	263	3.608	0.7339383	15.349	0.011*
	Himachal Pradesh	210	2.455	0.898893		

Source: Primary Data

ASSESSING FINANCIAL PLANNING AWARENESS TOWARD COMPONENTS

As shown in Table 3, the mean score of respondents of Punjab in Financial planning awareness towards components is higher as compared to the respondents of Himachal Pradesh. It was found to be 3.539 for the respondents of Punjab and 3.253 for the respondents of Himachal Pradesh. The p-value is 0.003 is less than 0.05 (alpha value at 95 percent significance level). Hence H0 of hypothesis 1- There is no significant difference in the awareness level towards the components of personal financial planning among working women is rejected. Hence, there is a significant difference in the awareness level of the components of personal financial planning among working women. Thus it can be concluded that the working women of Punjab have a higher awareness level towards components of personal financial planning as compared to the working women of Himachal Pradesh.

ASSESSING FINANCIAL PLANNING AWARENESS TOWARD SAVINGS

As shown in Table 3, the mean score of respondents of Punjab in Financial planning awareness towards savings is higher as compared to the respondents of Himachal Pradesh. It was found to be 3.555 for the respondents of Punjab and 2.613 for the respondents of Himachal Pradesh. The p-value is 0.000 is less than 0.05 (alpha value at 95 percent significance level). Hence H0 of hypothesis 2- There is no significant difference in the awareness level

towards the savings for personal financial planning among working women is rejected. Hence, there is a significant difference in the awareness level towards savings for personal financial planning among working women. Thus it can be concluded working women of Punjab have a higher awareness level of the importance of savings for personal financial planning as compared to the working women of Himachal Pradesh.

ASSESSING FINANCIAL PLANNING AWARENESS TOWARD HOUSEHOLD BUDGET

As shown in Table 3, the mean score of respondents of Punjab in Financial planning awareness towards household budget is lower than the respondents of Himachal Pradesh. It was found to be 2.590 for the respondents of Punjab and 3 for the respondents of Himachal Pradesh. The p-value is 0.001 is less than 0.05 (alpha value at 95 percent significance level). Hence H₀ of hypothesis 3- There is no significant difference in the awareness level towards household budget for personal financial planning among working women is rejected. Hence, there is a significant difference in the awareness level of the household budget for personal financial planning among working women. Thus, it can be concluded that working women of Himachal Pradesh have a higher awareness level towards household budgets for personal financial planning as compared to the working women of Punjab.

ASSESSING FINANCIAL PLANNING AWARENESS TOWARD INVESTMENT INSTRUMENTS

As shown in Table 3, the mean score of respondents of Punjab in Financial planning awareness towards investment instruments is higher as compared to the respondents of Himachal Pradesh. It was found to be 3.608 for the respondents of Punjab and 2.455 for the respondents of Himachal Pradesh. The p-value is 0.011 which is less than 0.05 (alpha value at 95 percent significance level). Hence the H₀ of hypothesis 4- There is no significant difference in the awareness level towards investment instruments for personal financial planning among working women is rejected. Hence, there is a significant difference in the awareness level towards investment instruments for personal financial planning among working women. Thus it can be concluded that the working women of Punjab have a higher awareness level of investment instruments for personal financial planning as compared to the working women of Himachal Pradesh.

6.5 FINANCIAL PLANNING CHALLENGES FOR WORKING WOMEN

To understand the various challenges faced by women in personal financial planning, a total of seven challenges were identified through a review of the literature as well as the responses received during the pilot study through open-ended options. These are shown below.

		Table 4 Financial Planning Challenges for Working Women							Total
State		No Idea about personal financial planning	Low Fin.Lit/ Awareness	Low Self-confidence/Risk taking ability	Low Family/ Societal Support/ Male dominance	Fewer Governmental Initiatives/ Women centric schemes	Low/ inconsistent income	The attitude of Financial Service Professionals	
Punjab	Count	75	77	6	71	22	11	1	263
	%	15.9%	16.3%	1.3%	15.0%	4.7%	2.3%	0.2%	55.6%
Himachal Pradesh	Count	71	68	5	55	5	2	4	210
	%	15.0%	14.4%	1.1%	11.6%	1.1%	0.4%	0.8%	44.4%
Total	Count	146	145	11	126	27	13	5	473
	%	30.9%	30.7%	2.3%	26.6%	5.7%	2.7%	1.1%	100.0%

Source: Primary Data

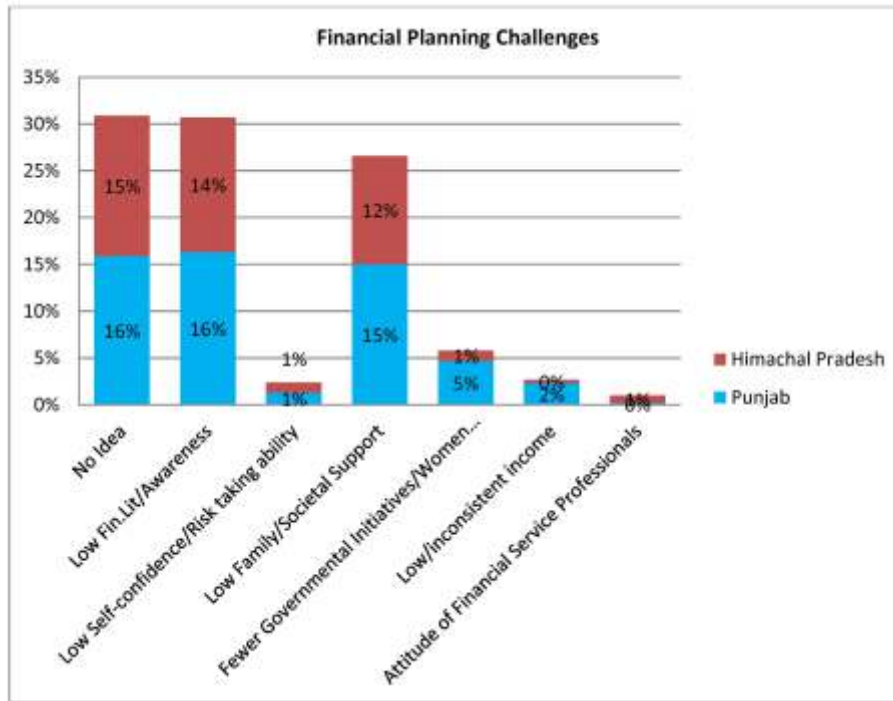


Figure 2 Source: Primary Data

Table 4 shows the challenges faced by working women while deciding on personal financial planning. Although 30.9 percent of women say that they have no idea about the challenges while doing financial planning personally. However, 30.7 percent of women think that a low financial literacy level or low awareness about the financial investment avenues is the major challenge, followed by low family support with 26.6 percent. Very few women respondents think that low or inconsistent income (2.7 percent) and the attitude of financial service professionals (1.1 percent) is a major challenge. Overall there is a need to increase the financial literacy level and awareness about the investment avenues for better financial planning among working women in the education sector for their financially secure future.

7. DISCUSSION:

Personal financial planning awareness plays an important role in financial well-being. The current study suggests that the awareness level towards personal financial planning among working women of Punjab is high as compared to the working women from Himachal Pradesh. However, As per, Agarwal & Seth (2021), there is no significant difference in the awareness level towards financial concepts and literacy among working women from Punjab and Himachal Pradesh. As per Arpana (2020), the awareness level towards financial planning is good among doctors and professors as compared to the lawyers and engineers. The current study also suggests that the working women from Himachal Pradesh are highly aware about managing household budgets as compared to the working women of Punjab. However, as per Agarwal & Seth (2021), there are 37.9% women from Himachal who reported that they usually take decisions for the day to day expenses of the household themselves. In the case of Punjab, there are 65.5% women who said that they themselves make all the decisions related to day-to-day purchases for the home. Though joint decision making with partners is higher in Himachal, there are fewer women here who take decisions regarding daily expenses (Agarwal & Seth, 2021). The current study also focuses on the major challenges faced by working women in personal financial planning. These are low awareness about the financial products for investments or low financial literacy,

followed by low societal or family support. This is also supported by Agarwal & Seth (2021), that the girls and young women are not involved in finance management. They are completely dependent on their fathers or male family members. Although, current study suggests that the low income, low confidence level are not the major challenges for working women in financial planning as oppose to Alcon (1999), who suggests that women live longer in retirement than do men and, on average, have less income and assets at their disposal. Many women face these significant challenges without confidence in their ability to make decisions about their money. However, Alcon (1999) further mentioned that some women are hampered by a lack of knowledge about basic financial concepts and tools. Given the complexity of the choices available in the financial services marketplace, even those who are knowledge and confident may not be able to consistently act in their own best interests (Alcon, 1999). Overall, high personal financial planning awareness level, high financial literacy, along with the support of family members facilitate in effective personal financial planning among working women. This also leads towards women financial safety and financial well-being in long-run.

8. Conclusion

The state-wise results of awareness level towards personal financial planning among working women show that women from Punjab have a higher awareness level towards personal financial planning as compared to the women from Himachal Pradesh. Out of four aspects of financial planning, the awareness level of respondents from Punjab is high in three aspects namely; awareness level towards components of financial planning, savings, and investment instruments. Whereas, awareness level in household budgeting is higher among respondents of Himachal Pradesh. Further, the majority of the women think that low financial literacy level or low awareness about the financial investment avenues and low family support is the major challenge for working women in personal financial planning. So it can be concluded that by increasing the level of financial literacy and creating awareness about financial products for investments, personal financial planning among working women can be enhanced.

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