

## Examining The Saving Behavior Of Working Women: A Comprehensive Analysis

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### Abstract

This study explores the saving behavior of working women, focusing on the factors that influence their financial decisions, the challenges they face and the patterns observed across different demographics. Through a mixed-methods approach involving surveys and in-depth interviews, the research reveals how income level, educational background, financial literacy, age and cultural influences shape the saving habits of working women. The findings highlight that while higher income and financial literacy contribute to better saving practices, cultural expectations and social norms often impose significant constraints. The study underscores the need for targeted financial literacy programs, tailored financial products and policy interventions to support the unique financial needs of working women, ultimately enhancing their economic security and independence.

**Keywords:** Financial, Literacy, Contribute, Approach, Involving

### Introduction

In recent decades, the financial landscape for women has undergone significant transformation, marked by increased participation in the workforce and greater access to education. These changes have empowered women to achieve a level of financial independence that was previously unattainable for many. However, while these advancements have opened new opportunities, the saving behavior of working women remains a crucial area of study. Understanding how and why women save, the obstacles they face and the factors influencing their financial decisions are essential for promoting their long-term economic security and well-being. Saving is a fundamental aspect of financial management, serving as a buffer against economic uncertainties and a means to achieve future financial goals. For working women, saving is not only a practical necessity but also a critical component of their financial independence. However, the motivations behind saving, the strategies employed and the challenges encountered can vary widely among women, influenced by factors such as income level, educational background, age, cultural context and social norms. This paper seeks to examine the saving behavior of working women through a comprehensive analysis that considers these various influencing factors. By exploring the relationship between income and saving habits, the impact of financial literacy, the role of age and life stages and the influence of cultural and social expectations, this study aims to provide a nuanced understanding of how working women navigate their financial lives. Additionally, the paper will highlight the challenges that women face in their efforts to save and offer recommendations for addressing these barriers through targeted financial literacy programs, tailored financial products and supportive policy interventions. The significance of this research lies in its potential to inform policymakers, financial institutions and educators about the unique financial needs and behaviors of working women. By fostering a deeper understanding of these dynamics, we can develop more effective strategies to support women in achieving their financial goals, ensuring their long-term economic security and promoting gender equality in financial decision-making.

### Literature Review

The saving behavior of individuals is influenced by various socio-economic factors, which are particularly significant for working women. Several studies have explored how income, education, cultural background and social norms shape financial behaviors. Women generally exhibit more conservative financial behavior compared to men, often prioritizing security over high-risk, high-return investments. This tendency is influenced by societal expectations and a lack of financial literacy, which can limit women's confidence in making investment decisions (Bucher-Koenen, Lusardi, Alessie, & van Rooij, 2017; Farrell, Fry, & Risse, 2016). Income is a significant determinant of saving behavior. Research indicates that higher income levels correlate with higher savings rates, although this relationship is not always linear. Women with higher incomes often save a larger portion of their earnings, but they also face increased expenses, which can mitigate the potential for savings. Conversely, women in lower income brackets struggle to save regularly

due to limited disposable income, often prioritizing immediate financial needs over long-term savings goals (Sarkar, 2019; Sahu & Das, 2020).

Education and financial literacy play crucial roles in shaping saving habits. Women with higher educational attainment, particularly those with financial education, tend to have better saving practices and are more likely to engage in diversified investment strategies. Financial literacy not only improves women's ability to manage their finances but also increases their confidence in making financial decisions. Studies have shown a positive correlation between financial education and the likelihood of participating in formal saving schemes and investment plans (Lusardi & Mitchell, 2014; Hung, Yoong, & Brown, 2012). Age and life stage also influence saving behavior among working women. Younger women, especially those in their 20s and early 30s, typically save with short-term goals in mind, such as travel, career development, or lifestyle improvements. As women age, their focus shifts towards long-term financial goals, such as purchasing a home, funding their children's education, or preparing for retirement. This shift reflects a natural progression of priorities as life circumstances change and the financial responsibilities of women increase (Sundén & Surette, 1998; ILC-UK, 2016).

Cultural and social factors significantly impact how women approach saving. In many cultures, women are expected to prioritize family needs over personal financial goals, which can lead to lower savings rates. These cultural expectations often place women in a position where their financial decisions are heavily influenced by the needs and demands of their families. Social norms and peer influences also play a role, as women often rely on the advice of their social networks when making financial decisions. This reliance on informal advice can sometimes lead to suboptimal saving strategies, particularly if the advice is not based on sound financial principles (Anthes & Most, 2000; Corder & Roberts, 2008). Challenges in saving are a common theme across studies on women's financial behavior. High living costs, unexpected expenses and the dual burden of work and family responsibilities are frequently cited as barriers to regular saving. Additionally, many women express a lack of access to financial products that meet their specific needs, highlighting a gap in the financial services industry. This gap is particularly evident in the need for flexible savings plans and financial products designed to accommodate the unique challenges faced by working women (Mottola, 2013; Chaudhuri, 2020). The existing literature underscores the complexity of saving behavior among working women, shaped by a confluence of economic, educational, social and cultural factors. The findings suggest a need for targeted interventions, such as financial literacy programs, tailored financial products and supportive policies, to empower women to save effectively and achieve long-term financial security. This paper builds on the existing body of research by providing a more detailed examination of these factors and offering practical recommendations for improving the financial well-being of working women.

### **Income Level and Saving Behavior**

The relationship between income levels and saving behavior among women reveals intriguing patterns that highlight the influence of income on financial habits. For women with higher incomes, the capacity to save is more substantial, enabling them to allocate a larger portion of their earnings towards savings. However, this does not imply a linear increase in the percentage of income saved as their earnings grow. This discrepancy suggests that as income increases, so do the expenses, likely due to an elevated lifestyle or the pursuit of luxury and non-essential items. This indicates that higher-income women might prioritize investments in comfort, status, or other areas of personal interest, which can offset their savings rate despite higher earnings. On the other hand, women in lower-income brackets face different challenges. With limited disposable income, their ability to save is often constrained, leading to irregular and smaller savings. Their savings behavior is typically driven by necessity, focusing on immediate and essential needs such as emergency funds or educational expenses. This behavior reflects a more cautious approach, where financial security and preparedness for unforeseen circumstances take precedence over discretionary spending. The contrast between these two groups underscores how income levels shape financial priorities and saving behaviors, with higher-income women potentially balancing between saving and spending on non-essential items, while lower-income women prioritize essential needs and financial security.

### **Educational Background and Financial Literacy**

The educational background of women, particularly their exposure to formal financial education, significantly influences their saving habits and overall financial behavior. Women with higher levels of education tend to have a deeper understanding of financial principles and are more adept at managing their finances. This knowledge translates into better saving habits, characterized by a more diversified portfolio. These women are not just saving money but are also strategically investing in a variety of financial instruments. For example, they are more likely to use savings accounts, fixed deposits, mutual funds and retirement accounts, which provide them with a balanced mix of security and growth potential. This diversified approach not only safeguards their assets but also helps in growing their wealth over time, reflecting a sophisticated understanding of risk management and financial planning. Financial literacy, which

often correlates with higher education, plays a crucial role in shaping these saving behaviors. Women who are financially literate possess the confidence and knowledge necessary to make informed financial decisions. They are less dependent on informal saving methods, such as keeping cash at home, which can be risky and less effective in the long term. Instead, they utilize formal financial systems that offer better security, potential for interest accumulation and access to financial markets. This literacy empowers them to navigate complex financial landscapes, make sound investment choices and plan for future financial needs. In essence, the combination of education and financial literacy not only enhances a woman's ability to save but also transforms her approach to wealth management, leading to more effective and diversified financial strategies.

### **Age and Life Stage**

The influence of age and life stage on women's saving behavior is significant, reflecting the evolving priorities and financial goals that come with different phases of life. Younger women, particularly those in their 20s and early 30s, often focus their savings on short-term goals. At this stage, their financial strategies are typically centered around enhancing their current lifestyle, such as saving for travel, upgrading their living conditions, or investing in their personal and career development. The immediate gratification and the pursuit of experiences that characterize this age group drive their saving decisions, often resulting in a preference for more liquid savings options that can be easily accessed when needed. As women age, particularly as they move into their 30s and beyond, their saving behavior begins to shift towards longer-term objectives. This change is influenced by the increasing responsibilities and stability that often accompany this stage of life, such as marriage, home ownership and raising children. Savings are increasingly directed towards securing these long-term goals, with a focus on accumulating funds for significant milestones like buying a home or ensuring their children's education. The emphasis on building a solid financial foundation for the future becomes more pronounced as they consider the security and well-being of their families.

For women in their late 40s and 50s, the approach to saving becomes even more future-oriented, with a strong focus on retirement planning. At this stage, the concern for financial security in old age becomes a dominant factor driving their saving behavior. They are more likely to prioritize retirement accounts, pensions and other long-term investments designed to provide a stable income after they retire. The motivation behind these savings is often rooted in the desire to maintain financial independence and a comfortable standard of living during retirement, reflecting a deep awareness of the potential challenges that come with aging. This progression from short-term to long-term saving goals illustrates how age and life stage significantly shape women's financial priorities, with a growing emphasis on security and stability as they approach later stages of life.

### **Cultural and Social Influences**

Cultural and social influences play a profound role in shaping the saving behavior of working women, often dictating how they prioritize their financial goals and manage their resources. In many cultures, traditional expectations place a strong emphasis on women prioritizing the needs of their families over their own personal financial goals. This cultural norm can significantly impact their ability to save, particularly among women who are responsible for financially supporting extended family members. In such contexts, a woman's earnings may be directed towards meeting the immediate needs of family members—whether it's contributing to household expenses, supporting elderly parents, or helping siblings with education costs—leaving less for personal savings. This sense of duty and obligation often results in lower savings rates, as women put their family's welfare above their own financial security and long-term planning. Social networks and community norms further influence how women make saving decisions. Women often turn to their peers, family members and community leaders for advice on financial matters. The opinions and behaviors of these social networks can heavily influence their financial choices, including where and how they save money. For instance, in communities where informal savings groups or collective investment schemes are popular, women may be more inclined to participate in these communal saving practices, even if they might offer lower returns or be less secure than formal financial institutions. Conversely, in environments where financial independence and individual savings are culturally valued and promoted, women are more likely to focus on building their own financial assets.

These cultural and social pressures can create a complex landscape for women, where the desire to fulfill traditional roles and meet communal expectations may conflict with personal financial goals. As a result, their saving behavior is often a delicate balance between cultural obligations and the pursuit of financial security, shaped as much by external expectations as by personal aspirations. Understanding these influences is crucial for addressing the unique challenges faced by women in different cultural and social contexts and for developing strategies that empower them to achieve their financial goals while respecting their cultural values. The saving behavior of working women is shaped by a complex interplay of factors, including income, education, age, cultural background and financial literacy. While progress has been made in increasing women's participation in the workforce, significant challenges remain in ensuring their financial security through effective saving strategies. Policymakers and financial institutions must recognize the unique needs and challenges faced by working women and develop targeted initiatives to support their financial goals.

This could include financial literacy programs, tailored financial products and policies that address the specific barriers women face in accumulating savings. By empowering working women with the knowledge and tools they need to save effectively, we can contribute to their long-term economic independence and overall well-being.

## Conclusion

The saving behavior of working women, highlighting the multifaceted factors that influence their financial decisions. The findings reveal that income level, educational background, financial literacy, age and cultural and social influences play pivotal roles in shaping how women save and invest their money. Women with higher incomes and financial literacy tend to adopt better saving practices and diversified portfolios, while those in lower-income brackets often prioritize immediate needs, resulting in irregular savings patterns. As women age, their saving goals shift from short-term desires to long-term security, with a strong focus on retirement in later years. Cultural expectations and social norms, however, often impose significant constraints on women's ability to save, particularly when they are expected to prioritize family needs over personal financial goals. The reliance on social networks for financial advice can also lead to suboptimal saving strategies, especially in environments where informal saving methods are prevalent. This study underscores the importance of targeted financial literacy programs, tailored financial products and supportive policy interventions to address the unique financial challenges faced by working women. By empowering women with the necessary knowledge and tools, it is possible to enhance their economic security, promote gender equality in financial decision-making and support their long-term financial independence and well-being.

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