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Financial Self-Efficacy as a Predictor of Savings and Investment Behaviour among Working Women

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Abstract: The present study examines the role of financial self-efficacy in influencing the savings and investment behaviour of working women. The study was conducted among 250 working women in Thrissur District, Kerala, using a structured questionnaire. Frequency and percentage analysis were used to assess the level of financial self-efficacy, while Pearson's correlation and simple linear regression analyses were employed to examine the relationship and influence of financial self-efficacy on savings and investment behaviour. The findings revealed that a majority of the respondents (52.8%) possessed a moderate level of financial self-efficacy. Correlation analysis indicated a strong positive relationship between financial self-efficacy and savings and investment behaviour ($r = 0.682$, $p < 0.001$). Regression analysis further revealed that financial self-efficacy significantly predicts savings and investment behaviour and explains 46.5 per cent of its variance ($R^2 = 0.465$). The study concludes that enhancing financial self-efficacy can contribute to improved savings and investment practices among working women.

Keywords: Financial Self-Efficacy, Savings Behaviour, Investment Behaviour, Working Women, Financial Decision Making

1. Introduction

The increasing participation of women in the workforce has significantly enhanced their role in household financial management and economic decision-making. Working women today contribute substantially to family income and are actively involved in savings, investment, retirement planning, and wealth creation activities. As financial responsibilities increase, the ability to make informed financial decisions becomes essential for achieving long-term financial security and well-being. However, despite improvements in education and employment opportunities, many women continue to exhibit lower confidence in financial decision-making compared to their male counterparts.

Financial self-efficacy, defined as an individual's belief in their ability to effectively manage financial resources and achieve desired financial outcomes, plays a crucial role in shaping financial behaviour (Lown, 2011). Individuals with higher financial self-efficacy are more likely to engage in budgeting, saving, investing, and financial planning activities. Financial confidence enables individuals to make sound financial decisions, cope with financial challenges, and pursue long-term financial goals. Consequently, financial self-efficacy has emerged as an important psychological factor influencing personal financial management and financial well-being.

Savings and investment behaviour constitute a vital aspect of financial security and economic empowerment. Women who possess greater confidence in managing financial matters are more likely to accumulate savings, participate in investment opportunities, and plan effectively for future financial needs. Previous studies have shown that financial confidence positively influences financial decision-making, investment participation, and wealth accumulation (Farrell, Fry, & Risse, 2016; Asebedo & Seay, 2018). In this context, examining the relationship between financial self-efficacy and savings and investment behaviour among working women is important for understanding how financial confidence contributes to improved financial practices and long-term economic stability.

2. Review of Empirical Studies

Previous studies have highlighted the importance of financial self-efficacy in influencing individuals' financial behaviour. Lown (2011), who developed the Financial Self-Efficacy Scale, found that individuals with higher financial self-efficacy demonstrated better financial management practices and experienced greater financial satisfaction. Similarly, Farrell, Fry and Risse (2016) reported that financial confidence significantly influenced women's saving and investment decisions. Asebedo and Seay (2018) observed that financial self-efficacy positively affected financial behaviours such as budgeting, saving, and investment planning among employed individuals. Sabri and Aw (2019) further revealed that financial self-efficacy significantly predicted prudent financial management and saving behaviour among working adults. Likewise, Herawati et al. (2018) found a direct positive influence of financial self-efficacy on investment intention and financial planning among employees. Mindra and Moya (2017) reported that confidence in managing finances enhanced participation in formal financial products and long-term investment instruments. In addition, Henager and Mauldin (2015) found that individuals with higher financial self-efficacy experienced lower financial stress and exhibited stronger saving practices. Overall, the reviewed studies indicate that financial self-efficacy plays a significant role in shaping financial behaviour, particularly with respect to savings, investment decisions, and overall financial well-being.

3. Theoretical Framework

The study is grounded in Bandura's Social Cognitive Theory (1986), which emphasises the role of self-efficacy in influencing human behaviour. According to the theory, individuals who believe in their capabilities are more likely to undertake challenging tasks and persist in achieving goals. Applied to financial behaviour, women with high financial self-efficacy are expected to engage more actively in savings, investment, and financial planning activities.

The study also draws support from the Theory of Planned Behaviour (Ajzen, 1991). The theory suggests that behavioural intentions are influenced by attitudes, subjective norms, and perceived behavioural control. Financial self-efficacy can be viewed as a form of perceived behavioural control that influences financial decisions and investment actions.

4. Objectives of the Study

1. To assess the level of financial self-efficacy among working women.
2. To examine the relationship between financial self-efficacy and savings and investment behaviour.
3. To determine the influence of financial self-efficacy on savings and investment behaviour among working women.

5. Hypotheses

H01: There is no significant relationship between financial self-efficacy and savings and investment behaviour among working women.

H02: Financial self-efficacy does not have a significant influence on savings and investment behaviour among working women.

6. Materials and Methods

The study adopts a descriptive research design. The independent variable of the study is Financial Self-Efficacy, while Savings and Investment Behaviour is the dependent variable. Primary data were collected from 250 working women employed in education, banking, healthcare, information technology, government services, and private organisations in Trissur District, Kerala. A structured questionnaire based on a five-point Likert scale was used to measure financial self-efficacy and savings and investment behaviour. Convenience and purposive sampling techniques were employed for data collection. The collected data were analysed using Percentage Analysis, Mean and Standard Deviation, Pearson Correlation Analysis, and Simple Linear Regression Analysis with the help of SPSS software.

7. Results and Discussions

7.1 Level of Financial Self-Efficacy among Working Women

Frequency and percentage analysis were used to assess the level of financial self-efficacy among working women. The results show that 52.8 per cent of the respondents possess a moderate level of financial self-efficacy, followed by 28.0 per cent with a high level and 19.2 per cent with a low level. This indicates that most working women have a reasonable degree of confidence in managing financial matters and making financial decisions.

7.2 Relationship between Financial Self-Efficacy and Savings & Investment Behaviour

Pearson's correlation analysis was employed to examine the relationship between financial self-efficacy and savings and investment behaviour. The analysis revealed a strong positive and statistically significant relationship between the two variables ($r = 0.682$, $p < 0.001$). This suggests that working women with higher financial self-efficacy tend to exhibit better savings and investment behaviour.

7.3 Influence of Financial Self-Efficacy on Savings & Investment Behaviour

Simple linear regression analysis was used to determine the influence of financial self-efficacy on savings and investment behaviour. Financial Self-Efficacy was considered the independent variable, while Savings and Investment Behaviour was treated as the dependent variable. The results indicate that financial self-efficacy has a significant positive influence on savings and investment behaviour among working women. The model summary reveals a correlation coefficient (R) of 0.682, indicating a strong positive relationship between the variables. The coefficient of determination ($R^2 = 0.465$) shows that financial self-efficacy explains 46.5 per cent of the variance in savings and investment behaviour. The adjusted R^2 value of 0.463 suggests that the model remains stable and reliable after adjusting for sample size and predictor effects.

The ANOVA result shows that the regression model is statistically significant ($F = 222.70$, $p < 0.001$), confirming that the model provides a good fit to the data. Furthermore, the standardised beta coefficient ($\beta = 0.682$) indicates that financial self-efficacy positively and significantly predicts savings and investment behaviour. The corresponding t-value (14.923) is significant at the 1 per cent level ($p < 0.001$), demonstrating that an increase in financial self-efficacy leads to a substantial increase in savings and investment behaviour among working women.

Therefore, the null hypothesis that Financial self-efficacy has no significant influence on savings and investment behaviour among working women is rejected. The findings conclude that financial self-efficacy is a significant predictor of savings and investment behaviour, highlighting the importance of enhancing women's confidence in managing financial matters to promote better savings and investment practices.

8. Findings

1. More than half (52.8%) of the working women possess a moderate level of financial self-efficacy.
2. Only 19.2 per cent of the respondents exhibit a low level of financial self-efficacy.

3. Financial self-efficacy and savings and investment behaviour have a strong positive relationship (r = 0.682).

4. Higher financial self-efficacy is associated with better savings and investment behaviour among working women.

5. Financial self-efficacy significantly predicts savings and investment behaviour and explains 46.5 per cent of its variation.

9. Suggestions

1. Employers and financial institutions should regularly conduct financial literacy, confidence-building, financial planning, and investment awareness programmes for working women.

2. Working women should be encouraged to participate in savings and investment training programmes to improve their financial decision-making skills.

3. Government agencies and financial service providers should develop initiatives that strengthen women's confidence in managing personal finances and investments.

10. Conclusion

The study concludes that financial self-efficacy plays a significant role in shaping the savings and investment behaviour of working women. The findings reveal that most respondents possess a moderate level of financial self-efficacy and that higher levels of financial confidence are associated with better financial behaviour. The significant positive influence of financial self-efficacy on savings and investment behaviour highlights the importance of enhancing women's financial knowledge, confidence, and decision-making capabilities. Strengthening financial self-efficacy can therefore contribute to improved financial well-being and long-term financial security among working women.

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