

## **To Assess the Role of Financial Empowerment among Working Women with reference to Economic Independence and Financial Literacy**

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### **ABSTRACT**

*My research paper aims to assess the role of financial empowerment among working women in Mumbai. Financial empowerment refers to women's ability to control their financial resources, make informed decisions about money matters, and achieve financial security and independence. This research paper will employ qualitative interviews administered to a sample of working women from the industry. The surveys will measure the level of financial literacy, financial socialisation, and financial management skills among the participants. Additionally, the surveys will collect data on the participant's savings, investments, and financial goals. I hope to gain deeper insights into their experiences of financial empowerment. The interviews will explore the factors that contribute to or hinder financial empowerment among working women, such as cultural norms, gender biases, workplace policies, and access to financial resources and opportunities. The findings of this research will provide valuable insights into the role of financial empowerment in the lives of working women in terms of their economic well-being, career advancement, and overall empowerment. The results will contribute to the existing body of knowledge on women's economic empowerment to enhance financial empowerment strategies. Ultimately, the overall study aims to contribute to the broader goal of gender equality and women's empowerment in society.*

**Keywords:** *Working Women, Financial Empowerment, Financial literacy, financial socialization, financial management skills.*

### **INTRODUCTION**

The coronavirus (COVID-19) pandemic is the greatest challenge that we have faced defining global health hazards.

The dynamics of the working environment had exerted huge pressure on working women as they need to handle two full time jobs – one at home and the other at office. Working women face difficulty in balancing family and work. Work life balance is necessary for women to cope with the family and work.

Financial well-being has become an important topic during recent years. Many scholars have identified the gender gaps in financial well-being, its antecedents, and

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outcomes (Goncalves et al., 2021). Financial literacy has emerged as an important determinant of financial well-being and financial empowerment. Financial literacy is becoming even more important as the financial world is enduring more complexities. Therefore, a better understanding of financial concepts and financial products has become inevitable to develop skills for making sound financial decisions to improve financial well-being and empowerment (Philippas and Avdoulas, 2020).

"Gender parity can boost India's GDP by 27%." (Lagarde, Christine, and Erna Solberg. "The Power of Parity: Advancing Women's Equality in the Economy." World Economic Forum, January 2018). India's GDP can expand by a whopping 27% if the number of female workers increases to the same level as that of men yet many Indian women are still held back from gaining financial independence and making their own financial decisions.

## REVIEW OF LITERATURE

For the Asian region, according to the World Bank's (2016) report, historically financial inclusion in the Asian world has been low as compared to other countries, and women are more vulnerable as compared to men in making financial decisions related to saving and choosing financial products. Another important study by Hasler and Lusardi (2017) at the Global Financial Literacy Excellence Center (GFLEC) for the G20 countries reports that Asia has one of the lowest financial literacies (women around 25% and men around 33%) among G20 countries, whereas the United Kingdom has the highest financial literacy rate among women (around 55%), and United Kingdom has the highest financial literacy rate among men (around 62%) (S&P Global FinLit Survey and Global Findex Database, 2021).

Country	Women's Financial Literacy Rate	Men's Financial Literacy Rate	Gender Gap
Argentina	35%	50%	-15%
Australia	48%	55%	-7%
Brazil	37%	49%	-12%
Canada	53%	59%	-6%
China	40%	48%	-8%
France	50%	57%	-7%
Germany	48%	53%	-5%
India	25%	33%	-8%
Indonesia	20%	26%	-6%
Italy	42%	50%	-8%

Country	Women's Financial Literacy Rate	Men's Financial Literacy Rate	Gender Gap
Japan	43%	50%	-7%
Republic of Korea	48%	55%	-7%
Mexico	34%	43%	-9%
Russia	38%	45%	-7%
Saudi Arabia	24%	31%	-7%
South Africa	39%	47%	-8%
Turkey	32%	39%	-7%
United Kingdom	55%	62%	-7%
United States	44%	50%	-6%

The most recent figures on financial literacy rates for women and men in G20 countries come from the OECD/INFE 2020 International Survey of Adult Financial Literacy. The survey found that the average financial literacy score for women in G20 countries was 12.2, while the average score for men was 12.8. This means that women in G20 countries have a statistically significant lower financial literacy score than men.

The gender gap in financial literacy is not uniform across all G20 countries. In some countries, such as Canada, the United Kingdom, and the United States, women have higher financial literacy scores than men. In other countries, such as India and Indonesia, women have much lower financial literacy scores than men.

Women form 48% of our population, (World Bank, 2022) and only a small percentage of exempt women in India have a significant say in 'how' and 'where' of financial matters in households. This is because most women do not prefer to get involved in monetary decisions and financial matters in India, as these are in the hands of a male relative. Moreover, educational institutions do not teach money management skills, so the responsibility is justly on us to mould women's financial future. In another indicator, the percentage of Indian women borrowing from financial institutions is around 6%, whereas it is around 24% in Australia and 25% in Canada (World Bank 2021). This shows that although India has generally promising economic indicators, they have a quite low score in terms of financial literacy with women lower than men. Financial literacy can help women to gain confidence in and control over their financial decisions. Consequently, these individuals are better able to control their social standing. It follows that social empowerment, though often overlooked, should be an integral part of any financial literacy initiative.

The current study employs social cognitive theory (SCT), which was proposed by Bandura (1986), and postulates the triadic reciprocity and the interrelation between

individual, ecological, and attitude aspects. Martin et al.(2014, p. 2) hold that “SCT estimates the ability of an individual to engage in a targeted behavior, based on internal and external parameters and their interrelationships.”

The study offers an important contribution to the body of knowledge and practice by responding to the research call by Lusardi and Tufano (2009); Hasler and Lusardi (2017), Philippas and Avdoulas (2020); Goncalves et al. (2021), and Thomas and Gupta (2021). It offers a theoretical framework that examines the role of financial literacy and financial socialization in improving financial self-efficacy, financial coping behavior, and financial empowerment among Indian women.

India is now placed 127 out of 146 nations in terms of gender parity, up from 135 last year, according to the annual Global Gender Gap Report, 2023. The fact that the gender gap has closed by 64.3% is an improvement, but this is hardly a reason for celebration.

India's progress in economic participation and opportunity remains a challenge, with only 36.7% gender parity achieved in this domain.

COVID-19's massive disruption to employment, childcare, and school routines has crippled the economy and pushed millions of women and families to the financial brink. This moment provides an important opening to rethink how women are coping.

A 2017 study by the National Council for Applied Economic Research found that the percentage of dual-earner couples in India has increased from 17% in 2005 to 25% in 2015. Work-life balance assumes great significance for women as they are virtually in two full time jobs - one at home and the other at work/office. Working mothers often have to challenge stereotypes and perceptions that evolve as a working woman becomes a working mother. Women often find it more difficult to maintain balance the pressures of work and demands at home.

Working women must carefully handle their personal balance and skillfully blend their roles, so as to optimize their potential in all quadrants of life.

According to Mckinsey: the annual report, published since 2015, analyzes workplace data and the experiences of men and women from the previous year. Women could be leaving the workforce more than men.

Every year since 2015, women and men at every level have considered leaving and actually left their companies at comparable rates. But the pressures of COVID-19 and the new work environment have completely changed that landscape. In the worst-case

scenario, if women leave the workforce at the rate, they say they are considering, corporate America could lose over two million women in the workforce—more than the number of women who graduate in reorganization and potential attrition due to women stepping out of the workforce. (McKinsey & Company, 2021). Attrition is not a driver in the difference between men and women's representation, but this could be different next year, possibly as a result of the shift to remote work.

The National Women's Law Center reported in 2022 that "the COVID-19 pandemic has exacerbated the gender gap in the workforce, with women more likely than men to have lost their jobs and to have left the workforce altogether." The center estimates that over 1.5 million women have left the workforce since the start of the pandemic.

The World Bank reported in 2022 that "the global gender gap in labor force participation is at its highest level in 25 years." The bank estimates that over 130 million women could join the global workforce if barriers to women's participation were removed.

According to DELOITTE: Global survey finds that nearly seven out of 10 women who experienced negative shifts in their routine because of the COVID-19 pandemic believe their career progression will slow down. These extra demands across work and home come at a heavy price. Forty percent of working women who experienced negative shifts in their daily routine say they're unable to balance their work and life commitments, and nearly 40% cite significant consequences to their physical and mental well-being.

Economic Times (Bloomberg) 2021: Between 2010 and 2020, the number of working women in India dropped from 26% to 19%, according to data compiled by World Bank. As infections surged, a bad situation turned dire: Economists in Mumbai estimate that female employment plummeted to 9% by 2022.

Closing the employment gap between men and women — a whopping 58 percentage points — could expand India's GDP by close to a third by 2050. That equates to nearly \$6 trillion in constant US dollar terms, according to a recent analysis from Bloomberg Economics. Doing nothing threatens to derail the country on its quest to become a competitive producer for global markets. Though women in India represent 48% of the population, they contribute only around 17% of GDP compared to 40% in China. (Bloomberg Economics, 2022)

Using 48 Acts, 169 Rules, and 20 Notifications/Orders, Trayas, a regulatory research and policy advisory company, constructed an index comparing 23 states on how much economic freedom they give women. The index shows the extent of law-based discrimination in an effort to ultimately repeal these stifling directives. If Indian women participated in the labour market at the same rate as men, over 200 million additional workers could be mobilized. McKinsey Global Institute estimates that by 2025, equal opportunities for women in India could add \$700 billion to the economy.

One in four working women, 15.5 million, has a child under the age of 14 at home. Some of these women work part time or have a family member on whom they can rely to provide supervision for their young and school-aged children. But more than 10 million (17% of all working women) rely on childcare and schools to keep their children safe while they work. These women are working at least half time and do not live with a potential caregiver at home—another adult who is either out of the labor force or working less than half time. In comparison, 12% of all working men are reliant on schools and childcare.

The concerns for women empowerment have been rising in India over last few decades. Series of political events post-2014 in India has heightened societal concerns about women's role in economic life as well as critical roles within their households. Mostly, empirical articles in this literature have studied the effects of financial inclusion on women empowerment that has evaluated an over-broadened meaning of empowerment or a truncated part of it (Goetz & Gupta, 1996). Most investigations are typically cross-country research (Demirguc Kunt, Klapper, & Singer, 2013; Lampietti & Stalker, 2000; Quisumbing, Haddad, & Pena, 1995). Within a nationalized context, the studies address the conduct of female-headed family units concentrating basically on financial access alone (Fletschner, 2008; Hazarika & Guha-Khasnobis, 2008; Rawlings & Rubio, 2005). Another set of studies implies presence of gender gap due to lower financial literacy (Fernandes, Lynch, & Netemeyer, 2014), behaviour biases (Frisancho, 2016) and institutional segregation (Corsi & De Angelis, 2017). Estimation of women empowerment is another glitch as it cannot be straightforwardly observed and has numerous features (Beteta, 2006; Mason, 2005; Swain & Wallentin, 2009).

Recent Studies Explore Barricades For Women's Participation In Economy A report published by the Hindustan Times in 2021 quoted the study 'The Financial Agency of Women' conducted by the Gates Foundation, which found that many Indian women depend on their families when they need money. It had understood finances as a domain that men mainly dominated as the society didn't associate women with roles

that required earning bread. Thereby, their rights to make financial decisions were somewhat limited.

Following this, a survey published by the State Bank of India 2021 found that being financially independent fell among the top three priorities for Indian women. Among these, about three in ten women found the cost of living as a major challenge toward achieving financial independence, and one in four women believe social/familial restrictions or lack of guidance from home as the key player towards them remaining financially dependent on external factors. The survey was conducted with a sample size of 1,000 women aged between 25-45, from the cities of tier I and tier II across India. It actively attempted to understand how women perceived financial independence and what barricaded them from reaching this goal. Most of them indicated that they do not earn enough to save and deem themselves financially independent. Unequal pay then comes into play, where the remunerations offered to men and women vary greatly. In India, as the gender ratio nears to an equal, men earn 82 per cent of the labour income, whereas women make barely 18 per cent of it, according to the global earnings presented in the World Inequality Report 2022.

As per the World Economic Forum's Global Gender Gap Report, 2023. Women's estimated earned income in India is only one-fifth of men's, which puts the country among the bottom 10 globally on this indicator. It implies that women earn significantly less for the same earning years as men, while they need to save a lot to ensure they meet their long-term needs.

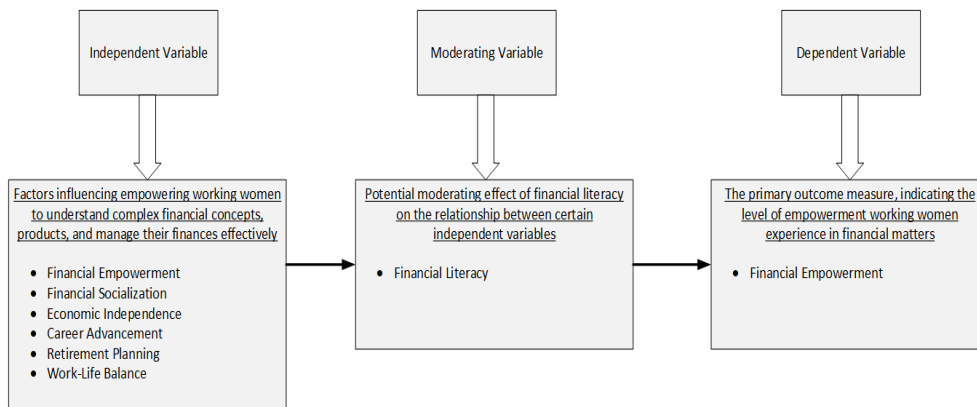
The percentage of working-age women who are economically active in the country is far lower than the global average. All these studies clearly indicate a lot needs to be studied before a lot can be done for women to be economically independent.

Today, more and more women in India are focusing on being self-dependent and financially secure. However, most women are still not self-dependent, especially in financial matters like investment and insurance. While women strive to be financially independent, one-third of the women find lack of proper information and knowledge about investment and insurance, as one of the pulling factors."

## **CONCEPTUAL FRAMEWORK**

This conceptual framework is a roadmap, highlighting key variables that define the Financial Empowerment of working women. It centers on Financial Literacy as the cornerstone, leading to economic independence and career advancement. It explores

the influence of financial socialization, retirement planning, work-life balance, and entrepreneurship, while addressing gender norms, personal and family security, and access to tailored financial resources.



This framework guides us in uncovering the intricate dynamics that drive women's financial empowerment, ultimately fostering a more inclusive and prosperous society.

## RESEARCH METHODOLOGY

For this research, the focused group survey was used. Twenty One working women have answered a questionnaire. The questions were asked related to self-coping behaviours, financial understanding, independence, financial efficacy and financial socialization.

Focused group surveys allow researchers to gather in-depth insights into the perceptions, experiences, and attitudes of specific groups. This method is particularly useful for understanding the nuances of financial empowerment among working women by directly engaging with them in a group setting.

A focused group survey can provide qualitative data, which complements quantitative data obtained through questionnaires. It helps capture the "why" and "how" behind certain responses, offering a deeper understanding of the research topic.

Primary data was collected through questionnaire via Google forms and the technique used to collect data is via questionnaire is Stratified Random Sampling.



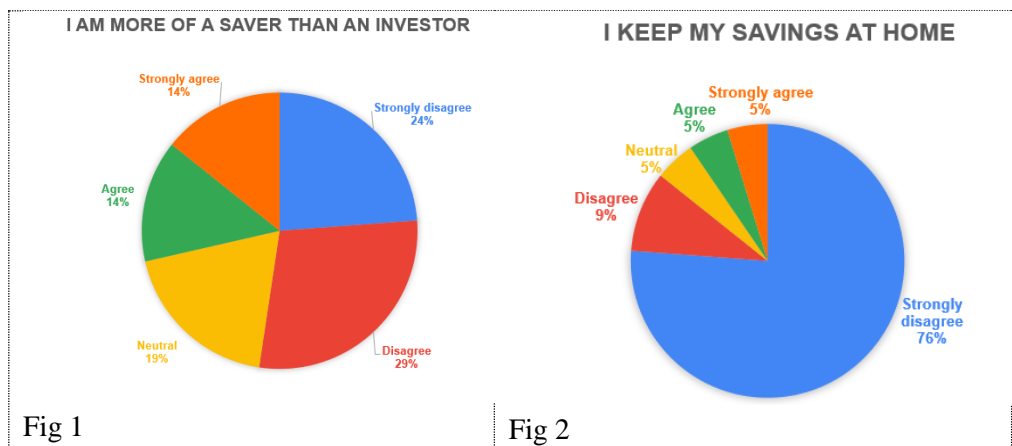
## OBJECTIVES

To assess the role of financial Empowerment among Working Women with relevance to below areas:

- Economic Independence Among Working Women
- Financial Literacy Levels and Decision-making
- Career Advancement and Earnings Disparities
- Retirement Planning and Investment Behavior
- Financial Empowerment and Work-Life Balance
- Entrepreneurship and Women-led Businesses
- Overcoming Gender Norms and Cultural Barriers
- Personal and Family Financial Security
- Access to Financial Resources for Working Women
- Societal and Economic Impact of Financial Empowerment
- These headlines serve as starting points for deeper exploration and analysis in each sub-topic in the study.

## FINDINGS AND ANALYSIS

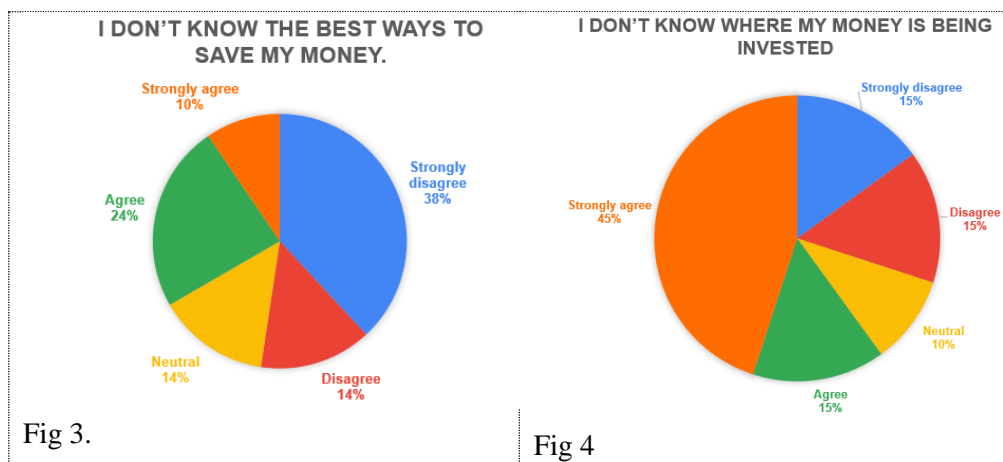
From the 70 odd questions posed to the participants, only a few are produced below which indicate special highlights.



Indian women (Fig1 and 2) have expressed that they agree that savings should not be kept at home but conversely, we also see that they admit that they do define themselves more as “savers” rather an “investors”. Influence by various factors such as limited

access to formal financial services, cultural norms, and perceptions of safety. Encouraging financial literacy and promoting inclusive banking services can empower women and enhance their financial security.

Also, as indicated below, women must educate themselves on ways to invest their funds. Women are just as capable of saving money as men, and with education and support, they can achieve their financial goals.

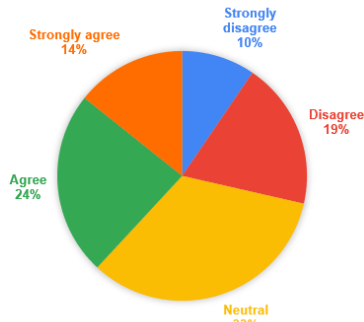


The statement "I don't know where my money is being invested" (45%) is a common concern among Indian women as also echoed in Fig.4. "I don't know the best ways to save my money" >50% confirm as per Fig.3. Many Indian women feel like they have no control over their finances and that their money is being invested in ways that they do not understand or approve of. This can lead to anxiety, stress, and financial insecurity.

Women still rely on others for financial decisions. This could be risky:

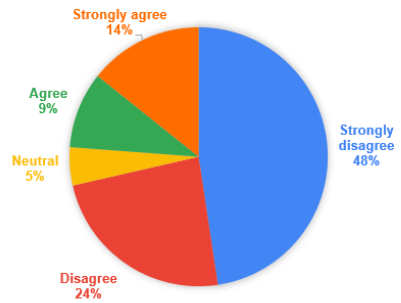
- They may not have your best interests in mind:
- They may not be qualified to give financial advice:
- They may not be up-to-date on the latest financial information:

**I ALWAYS DEPEND ON MY HUSBAND/OTHER FAMILY MEMBERS FOR INFORMATION AND ADVISE**



**Fig 5**

**NOTHING I DO WILL MAKE BIG DIFFERENCES TO MY FINANCIAL SITUATION**

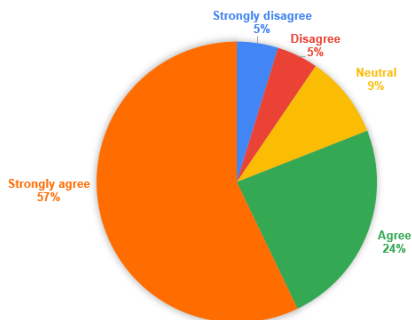


**Fig 6**

The statement "Nothing I do will make a big difference to my financial situation" is a common belief among women in India, especially those who are poor or marginalized. This belief is often based on a number of factors, including: Lack of financial education, Gender stereotypes, Limited opportunities, Discrimination. Many women Fig 5. >70% still strongly depend on their spouses to make financial decisions

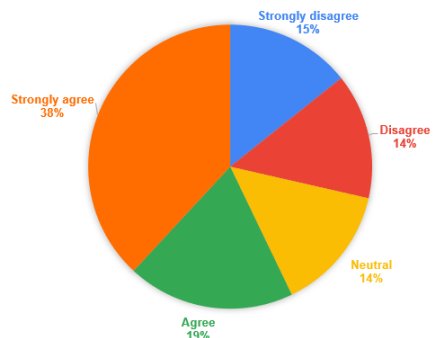
On the positive, we see that many women have claimed to being able to handle a major expense by themselves. Fig.7 57%: "Strongly Agree". This suggests that many women have the capability and willingness to manage significant financial obligations without relying on external support. The claim reflects a sense of financial empowerment among women, highlighting their ability to handle unexpected expenses and make important financial decisions autonomously.

**I CAN ACT ON MY OPINION WHILE TAKING FINANCIAL DECISIONS (SPENDING, SAVING AND INVESTING) IN RELATION TO MY INCOME**



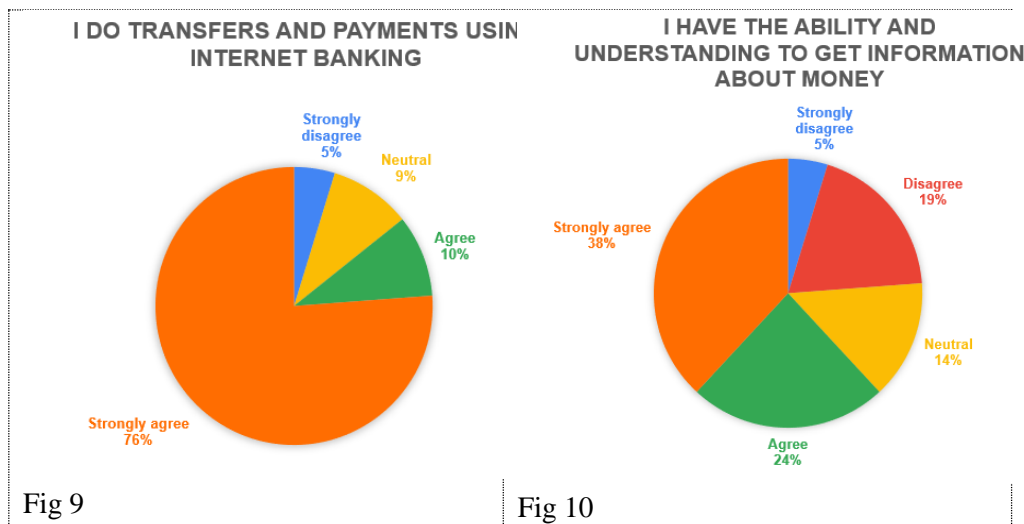
**Fig 7**

**I CAN HANDLE A MAJOR UNEXPECTED EXPENSE MYSELF**

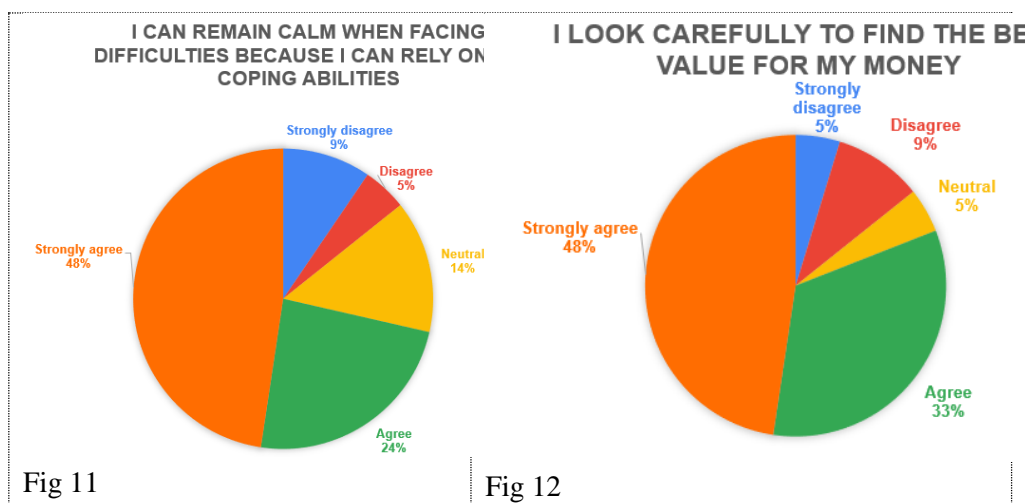


**Fig 8**

We also see that women are confident on getting the information they require. There are a number of resources available to them, including: Financial education programs offered by the government and financial institutions. These programs cover topics such as budgeting, saving, investing, and financial planning.



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**Source: Graphs produced based on Survey results of 21 working women**

## DISCUSSION

The negative statements “I am more of a saver than an investor”, “I keep my savings at home” “I don’t know the best ways to save my money” “I don’t know where my money is being invested”, “I always depend on my husband/other family members for information and advise” “Nothing I do will make big differences to my financial situation”. The statements presented reflect some negative financial attitudes and behaviors commonly observed among women. While being a saver is crucial, relying solely on savings might limit long-term financial growth. Encouraging women to explore basic investments can help diversify their savings. Storing savings at home exposes them to risks, making the use of formal banking services more secure. Addressing financial literacy gaps is essential to empower women to make informed money-saving decisions and understand their investments better. Encouraging financial independence and seeking advice from various sources can help women build confidence in managing their finances. Empowering women with financial knowledge and instilling a sense of agency can lead to small, consistent actions that positively impact their financial well-being. By adopting a multifaceted approach and providing support, organizations, policymakers, and communities can contribute to women's financial empowerment.

The statements "I can remain calm when facing difficulties because I can rely on my coping abilities," "I have the ability and understanding to invest money," "I can handle a major unexpected expense myself," and "I can act on my opinion while taking financial decisions (spending, saving, and investing) in relation to my income" all suggest that the woman in question is financially confident and empowered.

Financial confidence is the belief in one's ability to make sound financial decisions and achieve financial goals. Financial empowerment is the ability to control one's financial life and make decisions that are in one's best interests. Both financial confidence and empowerment are important for women's financial well-being.

The statements above suggest that the woman in question is confident in her ability to handle financial challenges, understands the basics of investing, is able to cover unexpected expenses, and is not afraid to make financial decisions that are in her best interests. These are all positive traits that can help her achieve her financial goals and live a financially secure life.

## CONCLUSIONS

In conclusion, this research paper sheds light on the critical role of financial empowerment among working women in India. The findings highlight that financial empowerment plays a significant role in enhancing the economic independence and overall well-being of women. Through improved financial literacy and access to formal financial services, working women can make informed decisions about savings, investments, and financial planning, leading to greater financial security and resilience.

The study identifies cultural norms, limited access to financial services, and lack of financial knowledge as barriers to financial empowerment. It underscores the importance of tailored financial education programs and policy initiatives to address these challenges and promote women's financial inclusion and empowerment.

Furthermore, the research reveals the positive impact of financial empowerment on career advancement, entrepreneurship, and work-life balance for women. When women have control over their financial resources, they can invest in education, skill development, and business ventures, leading to enhanced economic contributions and reduced gender disparities in the workforce.

In conclusion, this research highlights that empowering working women financially is not only a matter of individual empowerment but also has broader implications for social and economic development. Policymakers, financial institutions, and stakeholders should collaborate to create an enabling environment that supports and empowers women in their financial journey, ultimately leading to a more inclusive and equitable society. By recognizing and addressing the specific challenges faced by working women in India, we can pave the way for their greater financial independence and prosperity.

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