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Financial Freedom Experience of Indian Male and Female Executives**Khyati A. Vyas**

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Authors Note

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Abstract

Financial freedom is generally understood as state to do anything whenever you want. Financial well being brings lot of direct benefits like mental peace and capability to help others financially. Gender equality is new development of last few decades and one sees women in various roles, including females developing wealth for themselves. Every individual is different. We observe behavioral differences on Gender basis. Financial freedom experience of female Executives is very important to study against traditional male Executives. We decided that an attempt should be made to examine how financial freedom experience is different for male Executives and female Executives. Sample of 60 was selected comprising of 30 male participants and 30 female participants. All Executives were at least 18 years of age. Participants pursued different types of employment largely falling in production and trade on full time basis. Executives belonged to Vapi, Navsari, Vadodara and Ahmedabad. It was observed that Executives score do not show significant difference on Gender basis.

Keywords: *Behavioural Finance, Psychology*

Financial Freedom Experience of Indian Male and Female Executives

Indian society is one of the oldest and it has its own models to follow. Ladies are generally seen to be housekeepers exerting all their power in home centered actions like taking care of food preparations, housekeeping, look after children and parents, attend to minor outside activities in emergencies etc., as compare to males which look after all earning activities and assets upkeep and income generation. This scene is undergoing big change in last 100 years due to increasing liking of females to get involved in professional and competitive earning fields of professions and trade. Indian society also has very generously adopted to new resource division norms supporting this new development of involvement of females in area of trade and industry. One may note that even laws have changed for equality of Gender and equal division of wealth in succession and inheritance matters.

Over last fifty years Indian society has seen many women save substantially on individual levels and they also have been able to live life style of their choices by acquiring costly household assets, cars and house. Women have lower incomes and wealth, on average, and are much more likely to be living with fewer funds. It is important to better understand the factors related to saving among women and how these may differ from those of men.

Whether women are more or less likely than men to spend less than their income or to save regularly is unknown. Observed differences in wealth holdings and portfolio allocations between men and women may reflect underlying differences in factors correlated with saving behaviours, so it is important to better understand what these differences may be. Factors influencing the act of saving may have important implications for differences in well-being between men and women among both elderly and non-elderly households. The current study extends the knowledge by investigating differences in the saving behaviours of men and women.

Increasingly women are now responsible for making their own savings decisions in order to accumulate sufficient resources to retire at the desired age and have an adequate retirement income in light of new financial freedom. Women employee must decide when to start saving, how much to save, and how to invest their account balances. The role of financial education has great impact on retirement savings.

In this new environment where women have greater responsibility for determining their own income, factors such as general financial knowledge and financial literacy i.e. ability of an individual to make informed judgments and to take effective decisions regarding the use and management of money, an understanding of the retirement savings process, and recognition of the need for adequate savings have become critical to successfully achieving financial freedom objectives. Most individuals seem to have extremely limited knowledge of financial markets, the level of risks associated with specific assets, and how much they need to save. Comprehensive education can help provide individuals with the financial knowledge necessary to create household budgets, initiate savings plans, manage debt, and make strategic investment decisions for their retirement or children's education.

There are many studies conducted in western countries on financial behavior of different persons and traits embedded in Gender. The economic well-being and financial behaviors of men and women differ significantly. Women generally hold lower levels of wealth and have significantly lower earnings than men. It is also commonly seen that women are more risk averse than men, it was found that the Gender difference in risk-taking peaked at age 30, which is consistent with evolutionary theories that men are more risk-taking during the period in which they are attracting mates, and women are more risk averse during their child-bearing. Overall, past studies indicate a robust and significant Gender difference in risk preference. Some researchers have concluded that no Gender difference in investment behavior exists. For example, Zhong and Xiao (1995) found no Gender difference in the dollar holdings of stocks. DeVaney and Su (1997) concluded that the determinants of retirement planning knowledge were similar for men and women, and Masters and Meier (1988) found no difference in the risk taking propensity of male and female entrepreneurs.

Lusardi and Mitchell (2007) found that women were generally less financially knowledgeable as compared with men, and financial literacy was found to affect both savings and portfolio choice. In their examination of the extent to which saving behavior differed among households in different marriage states, Lupton and Smith (2003) found that much of saving behavior was left unexplained even after controlling for demographic and socioeconomic characteristics of the household. Becker (1975) stated that women rationally choose to invest less than men in human capital, including education, skills, and on-the-job-training, affecting women's employment opportunities, incomes, and ability to accumulate wealth. Women make different choices than men due to greater family responsibilities with the Gender division of labor within the family, resulting in women taking primary responsibility for household work and child care (Bajtelsmit & Bernasek, 1996). Research has shown that the preferences of men and women differ, affecting the labor and consumption decisions those men and women make (Croson & Gneezy, 2004). Women have been shown to invest differently than men, but little is known about whether or how general saving behaviors differ between men and women.

In western countries Gender story is well examined e.g., Schmidt and Sevak (2006) found no significant difference between the wealth holdings of single male- and female-headed households in the U.S., despite households headed by women being more likely to contain children. Researchers have suggested several possible reasons for a Gender gap in wealth (Blau & Kahn, 1997; Moore & Shierholz, 2004; O'Neill, 2003). Women typically have lower lifetime earnings than men, creating lower total wealth (U.S. Bureau of the Census, 2007). In addition, women have historically completed fewer years of education than men, which also affects earnings (U.S. Bureau of the Census, 2007). Women and men differ in their attachment to the labor force, which could lead to the observed differences in financial behaviors between men and women (Sierminska, Frick, & Grabka, 2008). Any difference in wealth may partly result from lower female labor force participation (Warren, Rowlingson, & Whyley, 2001), where women tend to have part-time work arrangements, more diversified work histories due to child bearing and child rearing, and more frequent job changes (Berger & Denton, 2004). In addition, a persistent Gender gap in earnings leads women to accumulate less wealth even when holding saving rates constant (Blau & Kahn, 1997, 2000; Moore & Shierholz, 2004; O'Neill, 2003). Evidence also suggests that Gender differences in information processing may play a role in differential financial strategies

(Graham, Stendardi, Myers, & Graham, 2002).

In light of above backdrop, it will be interesting to see how financial freedom is experienced on Gender basis

Past literature

It may be mentioned that very little past literature of relevance was available on the subject. It might be interesting to know about studies conducted previously. It is disturbing to note that it was extremely difficult to find any material on this subject from Indian prospective. It is well known that Cultural differences and Value systems mould the attitudes. We put underneath some interesting inferences. Experiences of similar work were identified from available literature review. Specifically, information was collected from: (a) handbooks and book chapters on our topic (b) technical reports and comparable best practice studies; and (c) research and articles published in peer-reviewed journals, reviews, and periodicals;(d) material available on internet.

Researchers have also found that women have lower rates of participation in retirement plans as compared with men (Sung, 1997) and are more likely to be living in poverty during retirement (Pearce, 1989). The combination of lower earnings, lower savings, longer life spans, and higher risk aversion when investing presents women, financial educators, and policymakers with a significant challenge (Embrey & Fox, 1997). Although much is known about differences in income, risk aversion, investment behaviors, and level of wealth, little is known about how the factors related to general saving behaviors may differ between men and women.

A number of studies have demonstrated that the investment and retirement saving behaviors of women and men differ (Bajtelsmit & VanDerhei, 1997; Bajtelsmit, Bernasek, & Jianakoplos, 1996; Embrey & Fox, 1997; Hinz, McCarthy, & Turner, 1997; Yuh & Hanna, 1997). Many economic researchers have focused on differences in income, poverty, and asset accumulation by Gender (Blau & Kahn, 1997; O'Neill, 2003; Schmidt & Sevak, 2006; Wu, 2005), but few researchers have examined whether there are differences in general saving behaviors between men and women (Sunden & Surette, 1998).

Historically, women in the U.S. have been dependent on men for financial security (Schmidt & Sevak, 2006). Although this trend is changing, large Gender differences in economic well-being persist and affect women of all ages. In 2003, 28.0% of single female-headed households were living in poverty, as compared with 13.5% of single male-headed households and 5.8% of married couple households (Schmidt & Sevak, 2006). Levine, Mitchell, and Moore (2000) found sizeable Gender gaps in both current and projected retirement income. Overall, there is a substantial Gender gap in all retirement income sources, including Social Security, pensions, savings, and earnings from post-retirement employment (Burnes & Schultz, 2000). According to Wu (2005), poverty rates were significantly higher among women in all but two of the developed countries included in the Luxembourg Income Study.

Sung and Hanna (1996) found single women were less risk tolerant than single men or

married couples, while Sunden and Surette (1998) found single women were less risk tolerant than single men. In addition, Bajtelsmit, Bernasek, and Jianakopolos (1996) found women were more risk averse than men when examining Gender differences in defined contribution pension allocations. According to Xiao (1995), men were more likely to hold stocks and less likely to hold certificates of deposit as compared with women. The results of Bajtelsmit and Bernasek (1996) indicated that women received more conservative investment advice than men.

Present Study

This study is first study to find authentic performance of participants' response to financial freedom. The main objective of this study is to provide a description of financial freedom undergoing change in times of Gender equality. Data from Executives is used to observe financial freedom differences of men and women on non marital status basis.

Empirical Approach: After a descriptive analysis of financial freedom. We investigated whether the observed the effect to be statistically significant in the framework of non parametric testing.

Data Collection and Analysis

Interviews were noted by interviewers. First, all response sheets were read thoroughly to gain an in-depth feeling for their narrative. Sentences and phrases that directly described were extracted from each response. Second, descriptive labels were formulated for each statement within the context of the individual narrative. Third, these descriptive labels were organized and analyzed in relation to the underlying theme that emerged. Fourth, these labels were re-examined and thoughtfully adjusted as needed while efforts were made to remain true to the meaning present in the original narrative accounts. Fifth, clusters of descriptors were then integrated into one list and an exhaustive description was written. Sixth, this written formulation was sent to the participants for their review and feedback. Minor modifications were made to this description to incorporate participants' comments.

Participants were assured that their participation was voluntary and that their responses would not be shared with no one including their family members. This study had ethical approval from all the participants. In designing and conducting this study, the authors followed the methodological principles for social analysis.

Peer Review Process

A peer review process was incorporated into the stage of data analysis in order to provide an external check on the validity of the primary researcher's interpretations of the interview data. The peer reviewer went over the data at every stage of the analysis with an eye to scrutinizing the primary researcher's assumptions and providing feedback. Information was informally exchanged (e.g., via e-mail and telephone) with the peer reviewer/s every 7 to 10 days while face-to-face peer sessions were held 2 to 3 weeks where data was exchanged and ideas were discussed. The peer reviewer suggested new or alternative formulated themes, identified themes that the primary researcher had missed, challenged the primary researcher's interpretations of

meaning, and brought significant points concerning the research sample and data analysis process to the fore. At times when the primary researcher disagreed with the suggestions of the peer reviewer, they worked to achieve consensus on the data analysis through a thorough discussion of the meaning of participant statements as situated within the context of the original narrative.

Validity of the Data Analysis

To ensure that standards for good research were met, strategies addressing the transferability, dependability, and credibility of the data were employed as procedures of verification. Transferability was assessed by the appearance of identical themes across narratives involving different persons in different scenarios. To ensure dependability, the peer review was employed to provide an external check of the data analysis procedures. To address credibility, the primary researcher and the peer reviewer independently reread and carefully examined the scale, the lists of formulated descriptors, the theme, and the exhaustive description to ensure that the themes did not distort or neglect aspects of the original narrative. Seeking the participants' feedback on the exhaustive description provided an additional assurance of credibility.

Objectives

Study difference in financial freedom of men and women executives.

Hypothesis

There is no difference between financial freedom of male and female executives.

Method

Sample: We have selected total 60 Executives, mix of 30 male and 30 female executives, working in different jobs. Each participant is at least 18 years old and their jobs varied from Manufacturing industry, Trade, BPO and Education. Executives worked at different levels in their companies. Executive Sample is collected from Vapi, Valsad, Vadodara and Ahmadabad.

The copies of the scale were administered to 82 participants (42 male Executives, 40 female Executives. Out of them randomly selected 60 participants -30 male and 30 female Executives.

Tools

For this study, Data was collected through scale developed by Researchers. It uses five point Likert type scale for factor variables namely 1-routine expenses, 2-Home, 3-education, 4-disease, 5-marriage, 6-old age

Personal details were collected in personal meeting with respondents. Scale assesses perceptions of respondent's situation on Financial Freedom. Scale consists of six factors for reliability of the study.

Scale shows Cronbach's alpha of 0.767. Result shows that Scale is Reliable.

Statistical Analysis

The statistical devices used is Mann-Whitney with Mean Rank and Chi square Test for our non parametric testing

The following statistical devices were used.

- (1) Mean Rank
- (2) Median
- (3) Mann-Whitney U test

Result and Discussion

Table below describes the basic statistics for the sample of executives. Total observations under study are 60

Means

Case Processing Summary

	Cases					
	Included		Excluded		Total	
	N	Percent	N	Percent	N	Percent
TotalFinFreedom * Gender	60	100.0%	0	.0%	60	100.0%

Mann-Whitney Test

Table for Median shows Gender group in first column and Financial Freedom in second column. First row of table pertains to man group of participants. This man group has Median of 18. Similarly woman group has median of 19. Median for total sample universe is 18.

Report

Median

Gender	TotalFinFreedom m
Man	18.00
Woman	19.00
Total	18.00

Table given under, displays four columns namely Gender, N, Mean Rank and Sum of Ranks. First row shows data on Man with no of observations being 30, Mean Rank is 26.63 and sum of Ranks 799. Similarly second row shows data on woman with 30 observations, Mean Rank of 34.37 and sum of ranks being 1031.

	Gender	N	Mean Rank	Sum of Ranks
TotalFinFreedom	Man	30	26.63	799.00
	Woman	30	34.37	1031.00
	Total	60		

Test statistics table shows Mann-Whitney U to be 334 and Wilcoxon W to be 799 while Z score being -1.725 and p value of .085

	TotalFinFreedom
	m
Mann-Whitney U	334.000
Wilcoxon W	799.000
Z	-1.725
Asymp. Sig. (2-tailed)	.085

a. Grouping Variable: Gender

Effect size= $r=Z/\text{SQRT of } N$ WHERE N are total cases

Z in our case is -1.725 and $N=60$ HENCE $r=1.725/\text{sqrt } 60=.222$ which can be considered as medium effect as per Cohen's r values

Result can be presented as –A Mann-Whitney U Test showed no significant difference in the financial freedom scores of Male Executives ($Md=18, n=30$) and Female Executives ($Md=19, n=30$), $U=334, Z=-1.725, p=.085, r=.22$

Discussion

Financial Freedom is a natural condition experienced by all the adults, irrespective of Age and employment. Women are relatively weaker in relation to support and finances. Women are also prone to more disturbances in life should one be single in daily life. Even when money is ample but health is weak and if one is functionally alone than fear of crime also is likely to be stronger, especially for female Executives. Weak Financial Freedom can play havoc in life of

female Executives reduce social interactions; reduce 'extra-curricular' activities. Finally, isolation, particularly the physical isolation due to worries can lead to grave physical and mental diseases.

The difficulties mentioned by Executives related to financial freedom. Financial problems likely to visit them were reported by all groups and are stressful even in thought. A major soothing effect of the Financial Freedom was side effect on physical health of person.

We were of opinion that female employees are more prone to face uncertainties of life. We suggest that more research be carried to understand finer details in each Gender. Our Research though does not show significant difference between male and female executives on financial freedom.

Conclusions

The recession remains a sustained and growing concern for all. Executives may keep following factors in mind for a satisfactory continuation of financial freedom- Payments Necessary to Achieve Debt Reduction, Estimating Life Insurance Needs, Risk, Future costs, Borrowing power, and Estimated Retirement Income. Two biggest barriers to successful money management by women are lack of knowledge and time.

Individuals save for life time to ensure that they will have the desired level Financial Freedom throughout their life. Planning for Financial Freedom is bliss and can lead to high quality life. Does Financial Freedom lead to different and better life? While the conclusion seems obvious, very little is actually known about Financial Freedom as a process, let alone on Gender basis.

Initially, it is not uncommon to see female Executives show similar financial freedom as compared to male executives but as women population approach bigger size, due to their larger involvement in the economy, they may exhibit much higher differences on observed parameters. This research may lead to infer that Gender difference does not make decisive difference but it might be only, not significant, in shorter time frame. Researchers expect that more studies will be conducted in future for conclusive evidences. Researchers also sincerely wish interviewees express their conditions more frankly than remain closed to sharing information.

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