

## **A COMPARATIVE STUDY TO ASSESS THE FINANCIAL DECISION-MAKING AMONG WORKING WOMEN IN INDIA AND SINGAPORE**

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### **ABSTRACT**

Household financial decision-making refers to making decisions about household wealth accumulation. The present study focuses on the financial decision-making among urban working women in India and Singapore in their households to understand what factors impact the power women have to make decisions in their households. To conduct this research, a survey was sent out to 37 women from an upper socio-economic background. 18 of these women reside in India, while 19 reside in Singapore. The survey included multiple questions, covering multiple types of potential financial decisions in a household, and included a Likert scale (1-5) to measure, in numerical values, the power each gender held in the decision-making. The results revealed that if education levels were equal in a household, both genders would have an equal say in the financial decisions that are made. Additionally, they explained that women in the workforce have more of a role in financial decision-making in their households, compared to women who are homemakers. The results also showed millennial women tend to give more responsibility to their husbands, compared to other age groups for decision-making. Lastly, it also highlighted that stereotypical gender-based role in financial decision-making in households still exists to date. Although Singapore seems to have more gender equality in financial decision-making in households than in India, there is still a need to enhance women's agency and role in both countries for this specific context.

**Keywords:** Financial Decision-making, women, households, education, occupation

### **Introduction**

Financial decision-making is the process of evaluating financial information available to make the most beneficial decisions. This involves analyzing information, predicting future incidents, and estimating the risk involved. It also involves understanding financial concepts such as the time value of money, risk and return tradeoffs, and diversification. The main goal of this process

is to make the most beneficial choices that will maximize one's wealth. This may involve investing in stocks, bonds, or other assets. It can also include making decisions regarding saving, spending, and borrowing/loaning. It is important for individuals and organizations to have recognize their goals and limitations, to make effective decisions.

Financial decision-making can differ depending on the nation. Specifically, Household financial decision-making consists of making decisions about wealth accumulation within the household.

In India, household financial decision-making depends on numerous factors, including low financial literacy rates, minimal access to financial services, and cultural perspective on savings and investments. The biggest challenge faced by India is the lack of financial literacy. Only about half of Indian adults were financially literate in 2017 (Financial Literacy in India - Data and Policy, Uma Shankar, 2019). Besides the issue of financial illiteracy, many Indian households do not have an understanding of financial products and services to make informed decisions about savings, investments, and debt. Now, the government is stepping up by making efforts to improve financial literacy, through education and awareness campaigns, in order to help households make better decisions. In contrast, Singapore's financial decision-making is strongly affected by the citizen's strong emphasis on saving and investment. The Singaporean government also encourages residents to save through various schemes such as the Central Provident Fund, which is a mandatory savings plan for working citizens (CPF Overview, 2023). Additionally, the government also promotes investment through programs such as the Supplementary Retirement Scheme and the Singapore Savings Bonds which provide investors with the feeling of a safe investment (*MOF / Supplementary Retirement Scheme, 2023*). Singaporeans also have access to a wide range of financial products and services, including bank deposits, insurance, and investment options such as stocks and real estate. Many households in Singapore also tend to take into account the cost of education, healthcare, and retirement when making financial decisions, as those are all important factors that come along with a high standard of living.

Over the years, the percentage of women joining the labor force has increased in both nations. From 34% of women working in the labor market in 1950 to 57% in 2016, a significant increase can be seen (Weinstein, 2018) . While the amount of research on financial decision-making in Singapore and India separately is increasing rapidly, there is still limited research that compares the financial decision-making and behavior of working women in these two countries specifically. Alongside Singapore's strong economy and high level of education, women are well-represented in the workforce. However, Singaporean working women still face challenges such as balancing work and family life, and societal pressure to save for their children's education and marriage. On the other hand, In India, working women face financial challenges

such as lower wages, and fewer opportunities for career advancement compared to men. These factors add on top of the major problem of financial illiteracy in both countries, especially India.

The aim of this paper is to compare the financial decision-making and behavior of working women in India and Singapore to contribute to a deeper understanding of the factors that shape the financial decision-making of women in these countries and analyze how these factors differ across cultures. This research could also identify best practices for financial education and empowerment of working women in both India and Singapore and provide insights for policymakers and financial institutions on how to better serve the financial needs of working women in these countries

## **Methodology**

### **Aim of the study**

The present study focuses on understanding the financial decision making among urban working women in India and Singapore.

### **Research Design**

Present research work is a comparative research study. A comparative study refers to a methodology that further analyses phenomena and accumulates them to find the points for similarity and differentiation (MokhtarianPour, 2016; Miri & Shahrokh, 2019)

### **Hypothesis**

Null hypothesis: There would be no significant difference in the decision-making or power to do so, of urban working women in India and Singapore.

Alternative hypothesis: There would be a significant difference in the decision-making or power to do so, of urban working women in India and Singapore.

### **Consent and Ethical Issues**

For this investigation, all ethical guidelines were followed. 37 respondents gave their informed agreement to the collection of their data. The respondents' privacy and confidentiality were upheld; no information will be shared with a third party. No personally identifiable information, such as names or photographs, was provided for the study or publication. The rules of research ethics were followed.

### **Sample**

The present study consists of a number of women residing in India (18) and Singapore (19). The sample group consists of women belonging to 31-35, 36-40, 41-45, 46+ age groups. The respondents belong to varied occupations i.e. Homemakers (7), Service(20), Self-Employed (4), and Executive positions(6).

### **Tools used**

A self-constructed quantitative scale was formulated to assess the financial decision-making of working residing in urban areas. The questionnaire consists of 16 questions with a 5-point Likert scale. On the scale, 1 denotes decisions are made by males of the household, while 5 denotes decisions are made by the women of the household. The higher the score on the scale the more financial decision-making autonomy women have whereas the lower the score the less financial decision-making autonomy the women has.

Some of the questions are as follows:

1. Who is responsible for the purchase of cars?
2. Who is responsible for the purchase of major appliances?
3. Who is responsible for the purchase of gold?
4. Who is responsible for the purchase of property?
5. Who is responsible for paying the bills?
6. Who is responsible for buying groceries?
7. Who is responsible for paying taxes?
8. Who is responsible for taking loans?
9. Who is responsible for investing in mutual funds?
10. Who is responsible for investing in stocks?
11. Who is responsible for investing in PPFs?
12. Who is responsible for investing in FDs?
13. Who is responsible for investing in saving accounts?

- 14. Who is responsible for investing in insurance?
- 15. Who is responsible for investing in bonds?
- 16. Who is responsible for investing in government schemes?

**Data Collection Procedure**

A survey was created on googles forms and circulated among urban women of India and Singapore using convenience and snowball sampling. Informed consent was taken from the respondents.

**Results and Discussion**

**Table 1: Summary of Independent T-test Analysis between urban working women in India and Singapore respondents on financial decision-making power in households. (N=37)**

Source	India		Singapore		t	p
	M	SD	M	SD		
Financial Decision Making Power in Households	41.52	16.92	49.111	10.49	1.70	0.06

Table 1 depicts that Singapore (M= 349.11, SD= 16.92 ) reported significantly higher levels of women making financial decisions than India (M=41.52, SD= 10.49, t(1)= 1.70. The p-value is extremely close to 0.05 and can be considered significant.

**Figure 1: Graphical representation of financial decision-making power on the basis of education qualifications in the two countries. (N = 35)**

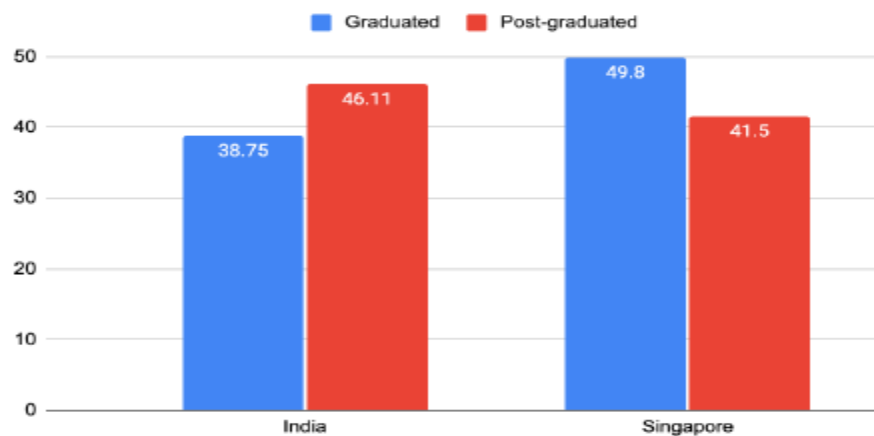


Figure 1 represents the average financial decision-making power the two genders have in their households in both countries, according to their educational qualifications. On the graph, 16 would denote men make all the decisions while 80 would denote women make all the decisions, hence making 48 be the exact middle number. Figure 1 clearly shows that as education qualifications increase within a family in India, women gain more power in decision-making, with women who have completed postgraduate degrees at a 46.11 in their households. Similarly, Singapore also ranges between 41.5 - 49.8 for those who have completed postgraduate studies and those who have graduated, showing the correlation between education and the power each gender holds for financial decision-making. Overall, as education qualification increases in both India and Singapore, financial decision-making tends to be more evenly distributed among men and women in the household. A study that is not specific to India and Singapore, also suggests the idea that “with approximately equal education achievement by gender, financial decision-making should also be approximately equal by gender, although, within an individual household, it will depend upon the relative levels of the spouses” (FONSECA, 2012). Essentially saying that if education levels were equal in a household, both men and women would have an equal say in the financial decisions that are made, which is clearly what is presented in Figure 1.

**Figure 2: Graphical representation of financial decision-making power on the basis of age in the two countries. (N = 37)**

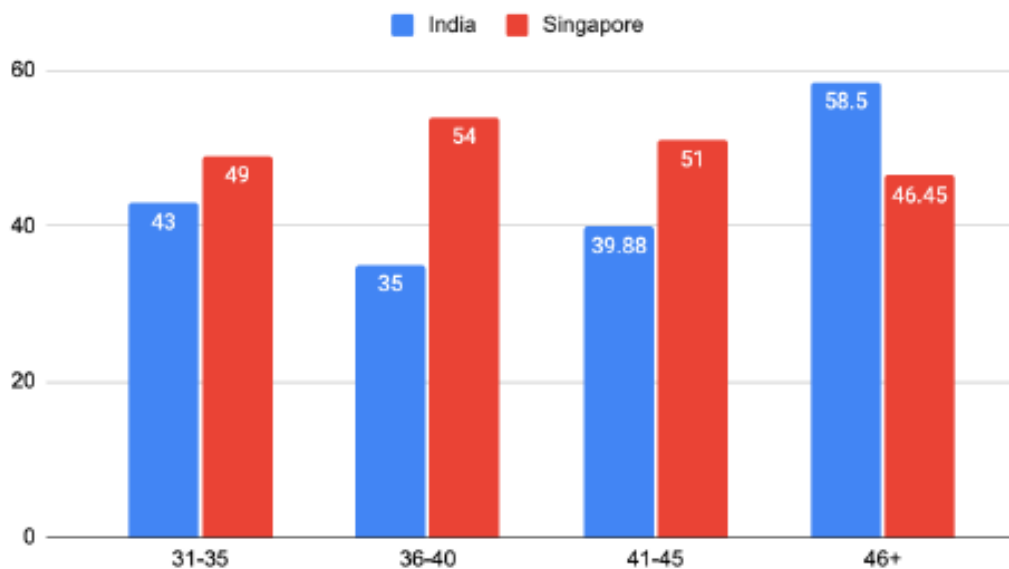


Figure 2 is a representation of the average financial decision-making power the two genders have in their households, separated by age. On the graph, 16 would denote men making all the decisions while 80 would denote women making all the decisions of the household. As seen in

Figure 2, women in Singapore have more power than women in India to make financial decisions within their households for the age ranges 31-35, 36-40, and 41-45. However, women who are over the age of 46, tend to have more of a say in decision-making in India than in Singapore. The difference in average for women who are 46+ in India and Singapore is 12.05. A study conducted by UBS revealed that “Millennial women [27 - 42] are the most likely generation to defer financial decision-making to their spouses” (UBS Own Your Worth Report Finds That Only 20% of Couples Participate Equally in Financial Decisions | UBS Global, 2021), hence explaining the shoot up in the average financial decision making power for women in India at 46+.

**Figure 3: Graphical representation of financial decision-making power on the basis of occupations in the two countries combined. (N = 37)**

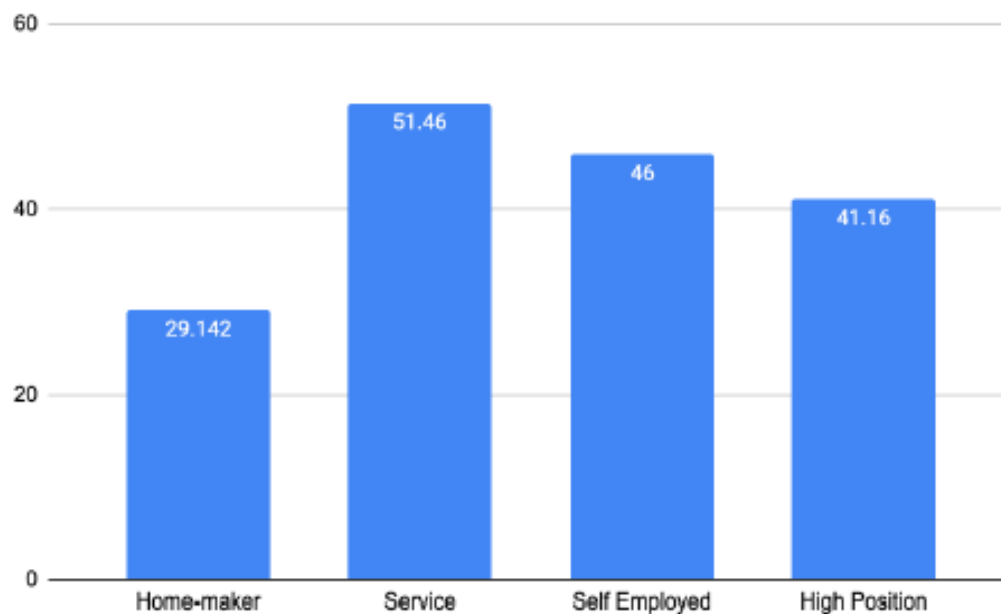


Figure 3 represents the average financial decision-making power of females and males in their households, separated by specific types of occupations. On the graph, 16 would denote men making all the decisions while 80 would denote women making all the decisions of the household. The graph clearly shows that women in the workforce have more of a role in financial decision-making in their households, compared to women who are homemakers. “The involvement of working women is more in the decision-making process than non-working in a nuclear family. The joint decision-making process is more preferred by non-working women in personal and social activities.” Maral, P., & Kumar, V. (2017), explain the low number, 29.142, for home-makers in India and Singapore presented in Figure 3.

**Figure 4: Graphical representation of financial decision-making power on the basis of occupations in the two countries separately. (N = 37)**

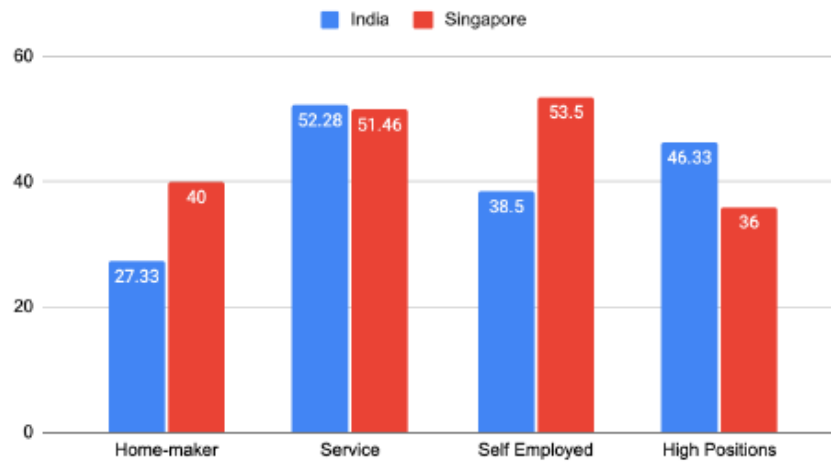


Figure 4 is a more thorough analysis of the average financial decision-making power the two genders have in their households, separated by specific types of occupations, as it shows the two countries separately. Figure 4, shows that Singaporean women who are self-employed or are homemakers, have more power in financial-decision making in their households than women in India. However, women in India who work in service, or are in higher positions, have more decision-making power. Overall, occupations of women in India tend to cause more fluctuations in their power to make financial decisions at home, with a big range from 27.33 - 52.28, while occupations of women in Singapore cause lesser fluctuations, with a smaller range from 36 - 53.5.

**Figure 5: Graphical representation of financial decision-making power separated by types of decisions in both countries. (N = 37)**

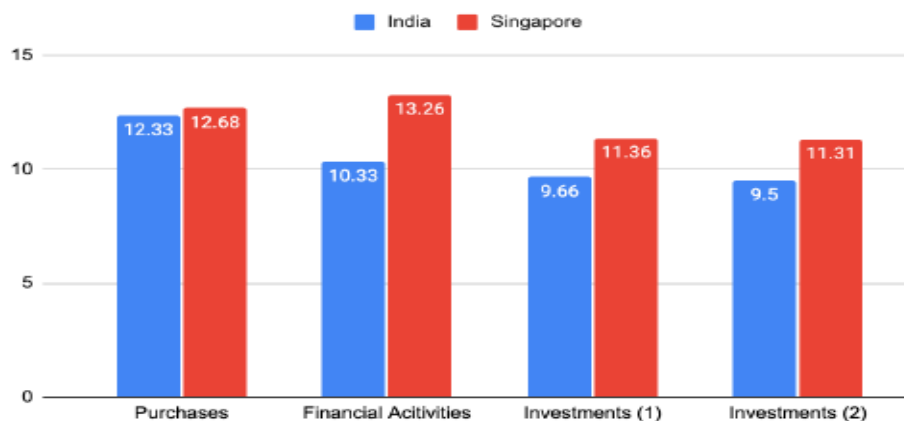




Figure 5 shows the average financial decision-making power the two genders have in their household, separated by specific types of decisions. On the graph, 4 would denote men make all the decisions while 20 would denote women make all the decisions. The sub-category 'Purchases' includes buying items such as cars, major appliances, gold, and property. The sub-category 'Financial Activities' includes paying bills, buying groceries, paying taxes, and taking loans. The sub-category 'Investments (1)' includes investing in mutual funds, stocks, PPFs, and FDs. Lastly, 'Investments (2)' includes investing in saving accounts, insurance, bonds, and government schemes. Figure 5, clearly shows that women in Singapore are more involved in decision-making for these categories within their household, compared to women in India. For the category purchases, the number that represents how involved women are in both countries is extremely close, with Singapore being only 0.35 higher than India. While for the other categories, Singaporean women seem to be slightly more involved with a gap of 2.93 in 'Financial Activities' between Singapore and India, 1.7 in 'Investments(1)', and 1.81 in 'Investments (2)'.

conducted research in Belgium which revealed that families typically conform to gender-based role specialization, with husbands taking responsibility for insurance and the car, wives taking care of kitchen items and cooking utensils, and both partners being involved in making decisions about holidays (Davis & Rigaux, 1974). A recent study replicated this study and found that the results remained consistent with those found in the original research Muehlbacher, S., Hofmann, E., Kirchler, E., & Roland-Lévy, C. (2009). This consistency of gender-based roles in financial decision-making in households can also be observed in Figure 5, as women in both India and Singapore have the lowest number of Investments (1) and (2). While, Singaporean women have the most say in decision-making regarding financial activities, which includes some of the stereotypical activities such as buying groceries, Indian women also have more of a say in financial activities compared to Investments.

## **Conclusion**

In this study, we examine financial decision-making among urban working women in India and Singapore in their households to understand what factors impact the power women have to make decisions in their households. Through the collection and analysis of data, it was revealed that in households where education levels are the same for both genders, they tend to have an equal say in financial decision-making. The study also explained that employed women tend to have a more prominent role in financial decision-making in their households compared to those who are not. Additionally, among millennial women, there is a tendency to assign decision-making responsibilities more to their husbands compared to other age groups. Finally, the research revealed that traditional gender-based roles in financial decision-making still persist in households today. These findings are crucial to today's world as they reveal that despite

Singapore being an extremely developed country, many Singaporean women do not have equal power in their household to make financial decisions, including many of those who earn their own income. Furthermore, in spite of the fact that we are currently in the 21st century, Indian women still have a significantly lower power to make financial decisions than men in their households. The stereotype regarding certain decisions that men and women make in a household still exists to be true in both the nations. These findings can contribute to the ongoing discussion regarding financial decision-making and gender equality within households. In the future, the results could help promote financial literacy for both genders, encourage financial inclusion, empower women, and provide insight to policymakers to help develop policies that are more inclusive.

### **Limitations**

Although the study reveals many important findings, it also has several limitations that are important to consider. A major limitation would be the bias of the respondents, as they might have provided socially desirable answers, affecting the reality of the data. Since the responses were collected via a survey, there is a possibility that it limited the depth of the answers that the respondents wanted to convey as it restricted them to a likert scale. Additionally, the data might not be an accurate representation of working women in all urban cities of India, as the majority of the respondents were based in Delhi, India.

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