



## Perception of House Wives on the Importance of Savings with Special Reference to Sirkazhi Town

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### ABSTRACT

This paper focuses on the attitude of housewives towards savings in Sirkali town in Tamil Nadu state. An attempt has been made to identify factors influencing investment decisions by them. Data analysis reveals that the factor 'facility' play a major role in influencing savings decision compared with other factors. It is felt that awareness level regarding is low in rural areas. Therefore campaigns, advertisements and other awareness programmes may be conducted in semi urban and rural areas especially among women folk.

### KEYWORDS

#### Introduction

Savings require current sacrifice, the sacrifice precedes the reward. On the other hand, savings offers flexibility and while borrowers pay interest, savers earn interest. Also, the choice to save is voluntary; once indebted, repayment is mandatory. (Rebecca M. Vonderlack and Mark Schreiner, 2001)

Goldsmith and Goldsmith (1997b) suggest that women have lower scores than men because women in general are less interested in the topic of Investments and personal finance. They (1997a) find that people's financial literacy is related to their self-perception of their knowledge in personal finance. Men have higher self –perceived knowledge of Investments than women. Research on personal finance management by women is particularly limited. Therefore the purpose of this study was to examine the perception of women on the importance of saving.

#### Importance of Saving

Savings allow people to take advantage of unexpected investment opportunities. As stored resources, savings are useful for a wide range of purposes. Accumulated savings can also buffer expected or unexpected spikes in household expenses due to childbirth, school fees, home repairs, life cycle celebrations etc. savings may also cushion familial risk due to illness, theft, or job loss or structural risks due to war, flood or fire. (Rebecca M. Vonderlack and Mark Schreiner, 2001)

Savings offer a better choice for poor women. As stated by Johnson and Kidder (1999, pg.6) not at all poor people are "budding entrepreneurs... for people living in poverty, perhaps it is access to a saving accounts... that needs to be core service on offer."

#### Saving Behavior

Saving behavior is combined with specific psychological and attitudinal questions related to financial behavior (Kennickell, 1995). Saving behavior was strongly affected by mechanisms that help households practice self – control. Households that had saving rules were much more likely to spend less than income than those that did not have saving rules. (Jong-Youn Rha, Catherine P. Montalto, and Sheman D. Hanna, 2006). Possessing mental accounts of saving was also mentioned by Katona (1975) who suggested that savings can be distinguished based on reasons or motives. Although advocates of the Behavioral Life cycle (BLC) argue that behavioral variables

such as self – control and mental accounts should be included in models of saving behavior.

#### Saving Behavior and Women

Women need to become savvy investors and money managers. Although women outlive men by an average of five to seven years, they usually earn less and save less, drop in and out of the labor force, and suffer more financial divorce. When it comes to finance, women may be less confident of their ability to invest wisely and to plan for the future. Women are more concerned about making ends meet in the present and less confident that they will have enough money in the future (Patterson, 1993). In addition to the particular needs of women in managing money, many families appear to need assistance. Evidence of this is shown by high debt loads and low savings. (Chang, 1994; De Vaney, 1993, 1994).

#### Review of Literature

Ferber (1973) concluded that the most common arrangement is for wives to handle money and bills. Ferber's review of studies on family saving and investment behavior concluded that the research was useful in explaining the "end products" of family decision making on saving.

Green and Cunningham (1975) identified liberal and conservative attitudes with respect to women's roles in society among 257 Houston women.

No significant difference was found on aspects of saving, but the liberals reported less joint handling of money and bills than did moderates and conservatives.

Rebecca M. Vonderlack and Mark schreiner (2001) revealed to promote savings and asset accumulation for long term development, it does not dismiss the importance of the immediate subsistence needs of poor women and their children. At times, relief is necessary and appropriate. Nor does the paper suggest the women save regardless of the sacrifice

#### Objectives Of The Study

- To know the importance of savings and the behaviour of housewives towards the same in Sirkali town.
- To exhibits the relationship between some of the demographic variables and the variable related to saving.
- To find out the factors influencing the investment decision of housewives.

Preparation Of Interview Schedule

The primary data are those which collected are fresh and for the first time and thus happen to be original in character. There are several methods of collecting primary data in surveys and descriptive researches. In this study, the researcher has taken the effort to frame an interview schedule after discussion with experts, agents and few housewives. Finally, the schedule was designed which comprises of 13 questions, out of this 6 questions are based on the demographic profile and the rest are related to various other aspects of saving and decisions of housewives.

sampling and collection of data

It refers to the number of customers selected from the universe to constitute a sample. Here the sample size is 100 and the researcher followed random sampling technique for selecting those. Since the researcher has taken only one town called Sirkali which is one of the semi urban towns of Nagai district, sample size is not beyond 100.

Data Analysis

The researcher used two important tools to analyze the data after making normal entering, coding and grouping etc namely chi-square test and Factor analysis in this research work.

IV. RESULTS OF CHI SQUARE TEST AND CORRESPONDENCE ANALYSIS

TABLE 1  
AGE AND PERCENTAGE OF SAVINGS ON INCOME

H<sub>0</sub>= There is no association between age and percentage of savings on income.

Age	Percentage of savings on income					Chi Square value	P value
	<10%	10% to 20%	20% to 30%	30% to 40%	>40%		
Below 25 years	7 (43.8%)	6 (37.5%)	3 (18.8%)	0 (0.0%)	0 (0.0%)	15.266 (df.12)	0.227
26to35 years	6 (15.4%)	16 (41.0%)	11 (28.2%)	5 (12.8%)	1 (2.6%)		
36 to 45 years	10 (34.5%)	5 (17.2%)	9 (31.0%)	2 (6.9%)	3 (10.3%)		
Above 45 years	5 (31.2%)	3 (18.8%)	4 (25.0%)	3 (18.8%)	1 (6.2%)		
Total	28 (28.0%)	30 (30.0%)	27 (27.0%)	10 (10.0%)	5 (5.0%)		

TABLE 2  
INCOME AND PERCENTAGE OF SAVINGS ON INCOME

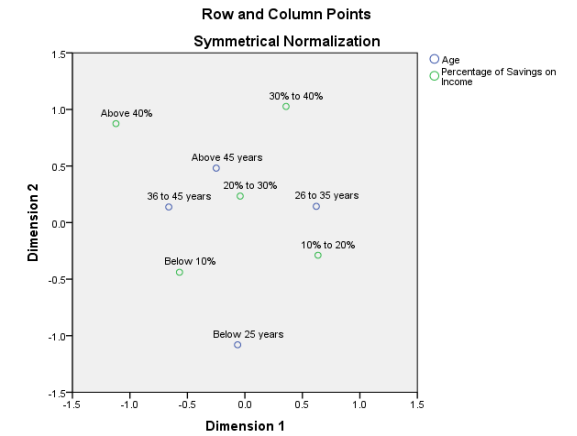
H<sub>0</sub>= There is no association between income and percentage of savings on income.

Income Categories	Percentage of Income Category						Chi Square value	P value
	<10%	10% to 20%	20% to 30%	30% to 40%	>40%	Total		
Low	12 (44.4%)	7 (25.9%)	3 (11.1%)	3 (11.1%)	2 (7.4%)	27 (100%)	9.603 (df.8)	.294
Middle	9 (20.5%)	16 (36.4%)	14 (31.8%)	3 (6.8%)	2 (4.5%)	44 (100%)		
High	7 (24.1%)	7 (24.1%)	10 (34.5%)	4 (13.8%)	1 (3.4%)	29 (100%)		
Total	28 (28.0%)	30 (30.0%)	27 (27.0%)	10 (10.0%)	5 (5.0%)	100 (100%)		

Note: P value denotes insignificant at 5% level. Source: Primary Data

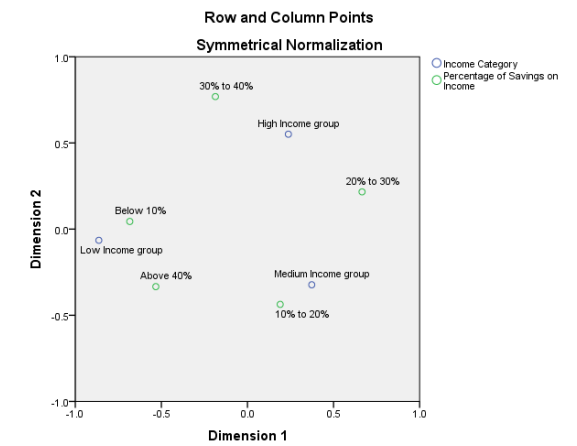
Note: P value denotes insignificant at 5% level.  
Source: Primary Data

The above cross table explains the association between the age category and percent age of savings on income among the housewives of Sirkali town. Among the below 25 years category, a majority 43.8 % housewives stated that they save less than 10% percentage of their income; whereas 37.5% percentage revealed that it is 10 to 20%. Among the second category, a majority of 41% stated that the savings are estimated to 10 to 20%. A majority of 34.5% revealed that they could save only less than 10% from the third category. Among the senior group (above 45 years) a majority of 31.2% have given the same opinion as similar to the previous category.



Based on the P value 0.227 and Chi- Square value 15.266 (df 12), the null hypothesis is accepted at 5% level of significance. Therefore it can be concluded that there is no association between the age and the percentage savings on income among the housewives in the study area. The researcher identified that as the age passes by the responsibilities and family expenses increases due to children education and life style. As a result the percentage of savings on income going down is clearly evident. Based on correspondence analysis and symmetrical normalization chart we can conclude the same result what we inferred from the above given table.

The above cross table reveals the association between the income category and percent age of savings on income among the housewives of Sirkali town. Among the low income group, a majority of 44.4% and 25.9% stated that their savings are below 10% and 10 to 20% respectively. Among the middle income group 36.4%, 31.8% and 20.5% accepted their savings percentage as 10 to 20%, 20 to 30% and below 10% respectively. From the high income group a majority of one third agreed that their savings works out to 20 to 30%.



Based on the P value 0.294 and Chi- Square value 9.603 (df 8), the null hypothesis is accepted at 5% level of significance. Therefore it can be concluded that there is no association between the income and the percentage savings on income among the housewives in the study area. The researcher noticed that, when the income increases, it is positively reflected on their savings. Thus excess income over expenses leads to savings since people from Sirkali town are conservative and traditional. Based on correspondence analysis and symmetrical normalization chart we can conclude that the association between above mentioned variables is not very strong as what we inferred from the above given table.

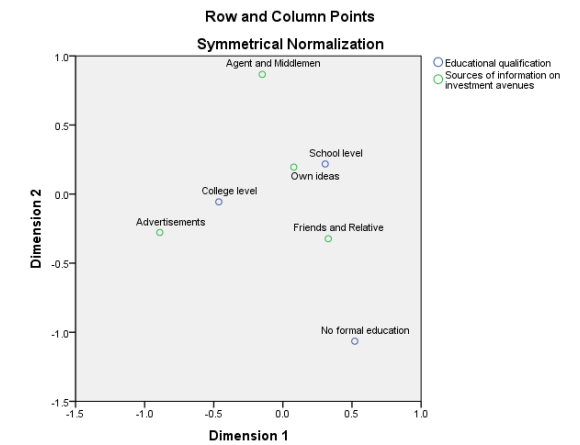
**TABLE 3**  
**EDUCATIONAL QUALIFICATION AND SOURCES OF INFORMATION ON INVESTMENT AVENUES**  
Ho= There is no association between Educational Qualification and Sources of Information on Investment Avenues

Educa- tional Qualifica- tion	Percentage of Educational Qualification					Chi Square value	P value
	Own Ideas	Friends & Rela- tives	Agent & Mid- dlemen	Advt.	Total		
No formal Education	3 (37.5%)	4 (50.0%)	0 (0.0%)	1 (12.5%)	8 (100%)	3.865 (df.6)	.695
School Level	24 (48.0%)	17 (34.0%)	4 (8.0%)	5 (10.0%)	50 (100%)		
College Level	18 (42.9%)	12 (28.6%)	3 (7.1%)	9 (21.4%)	42 (100%)		
Total	45 (45.0%)	33 (33.0%)	7 (7.0%)	15 (15.0%)	100 (100%)		

**Note: P value denotes insignificant at 5% level.**  
**Source: Primary Data**

The above cross table reveals the association between the educational qualification and sources of information on various avenues prevails in the market among the housewives of Sirkali town.

From the first group, a majority of 50% and 37.5% stated that the sources of information are their friends and relatives and their own ideas respectively. The same situation prevails with regard to the other two categories namely school level and college level.



Based on the P value 0.695 and Chi- Square value 3.865 (df 6), the null hypothesis is accepted at 5% level of significance. Therefore it can be concluded that there is no association between the educational qualification and the source of information on investment avenues among the housewives in the study area. The researcher pointed out that educational qualification does not make an impact on the information available, since the experiences gathered after the education paves ways for knowledge and wisdom. Based on correspondence analysis and symmetrical normalization chart we can conclude that the association between above mentioned variables is not very strong as what we inferred from the above given table.

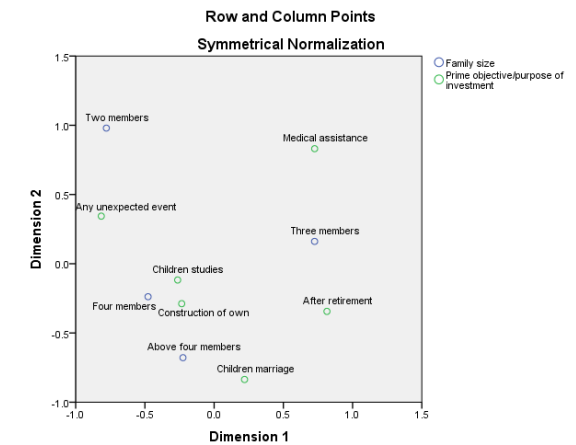
**TABLE 4**  
**FAMILY SIZE AND OBJECTIVE/PURPOSE OF INVESTMENT**  
Ho= There is no association between Family size and objective/purpose of investment

Family Size	Percentage of Family Size							Chi Square value	P value
	Children studies	Children Marriage	Construction of own house	After retirement	Medical assistance	Any unexpected event/expense	Total		
Two members	2 14.3%	0 0.0%	3 21.4%	0 0.0%	3 21.4%	6 42.9%	14 100%	19.51 df.15	0.19
Three Members	4 10.3%	4 10.3%	7 17.9%	9 23.1%	11 28.2%	4 10.3%	39 100%		
Four Members	4 14.8%	3 11.1%	7 25.9%	3 11.1%	2 7.4%	8 29.6%	27 100%		
Above Four Members	3 15.0%	3 15.0%	6 30.0%	3 15.0%	1 5.0%	4 20.0%	20 100%		

**Note: P value denotes insignificant at 5% level.**  
**Source: Primary Data**

The above cross table explains the association between the family size and prime objective/purpose of investment among the housewives of Sirkali town.

From the two member family, a majority of 42.9% made investments for the purpose of meeting any unexpected events. Among the three members family 28.2% and 23.1% stated that investments made for the purpose of meeting medical expenses and after retirement sophistication respectively. 29.6% from four member family and 30% from above four members family made investment for the purpose of unexpected events and construction of own house respectively.



Based on the P value 0.191 and Chi- Square value 19.513 (df 15), the null hypothesis is accepted at 5% level of significance. Therefore it can be concluded that there is no association between the family size and the purpose of investment among the housewives in Sirkali town. The researcher found that the objective of savings among the housewives of the study area is purely based on the attitude and mind set and therefore there is no influence of the family size on the purpose of investment. Based on correspondence analysis and symmetrical normalization chart we can conclude that the association between above mentioned variables is not very strong as what we inferred from the above given table.

RESULTS OF FACTOR ANALYSIS

The researcher has asked one question to find the importance of many variables that are influencing the saving and investment decisions of housewives who are residing in semi urban area. 26 variables were included in that and finally factor analysis was employed to find the major factors which are influencing such decision. The result of the same is given below:

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.620
Bartlett's Test of Sphericity	Approx. Chi-Square	832.625	
	df	325	
	Sig.	.000	

Total Variance Explained				
Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings		
	Cumulative %	Total	% of Variance	Cumulative %
1	19.075	3.888	14.954	14.954
2	28.460	2.426	9.331	24.285
3	36.181	2.310	8.884	33.170
4	43.213	2.251	8.657	41.827
5	49.645	2.033	7.818	49.645

The above table explains the result of factor analysis by employing principal components analysis with Varimax rotation. The KMO and Bartlett's test showed the Kaiser Mayer Olkin measure of sampling adequacy value is 0.620 and the signifi-

cance value is less than 0.001 which shows that the variables are statistically significant and the data reduction technique can be exercised to reduce into factors.

From the above given total variance explained table, the researcher infer that 26 variables emerged as five groups based on the Eigen value more than 1 which all together contributing nearly 50% to the importance of savings among the housewives in Sirkali town. From the component matrix values factor 1 comprising of 11 variables namely payment mode of investment (0.746), nomination details in the records (0.706), discussion with friends (0.678), redemption mode of investment (0.608), duration of the investment (0.600), services provided by the middlemen (0.595), title of the assets (0.549), self social status (0.529), goodwill of the seller (0.521), consultation of the experts (0.491) and discussion with in-laws (0.420) are considered and termed as "Facilities", and factor 2 consisting 4 variables namely trust worthiness of mediators (0.588), profitability (0.563), liquidity position (0.506) and discussion with relatives (0.502) were put together and termed as "Profitability". The other three factors comprising of 2 variables each namely price of the products (0.413) and quality and purity of the product (0.449) for factor 3, trustworthiness of the previous owner (0.422) and easily tradable (0.403) for factor 4 and finally life span of the investment products (0.566) and readily available (0.530) for factor 5; are termed by the researcher as "Accessibility", Liquidity and Availability respectively.

From the above, the researcher concluded saying that the first factor which includes 11 variables and otherwise called "Facility" of investment is greatly contributing in explaining the importance of savings among the housewives in Sirkali town as compared to other factors. Due to shortage of time the researcher could not go for any further multivariate analysis to know which factor is more important and so on.

RESULT AND DISCUSSION

Tamil traditions always give the housewives the prestigious position of 'Queen' of the house and not the leader of the house. Even then, the queens are considered to be the home ministers who always play a crucial role in administering most of the activities in the family. From the study the researcher would make one point clear that the level of awareness on the importance of savings among the home ministers of semi urban area are still at low level. This inference is drawn based on two chi square test and correspondence analysis result which are showed in tables 1 and 2. (ie) There is no significant association between age and income with the percentage of savings on income.

One important aspect which is very much essential for everyone is education. That brings lot of knowledge and wisdom in many aspects of human life. In the study area, housewives who have educational background also revealed that the source of information related to investment avenues are not got through the educational qualification. This inference has been drawn based on the chi square and correspondence analysis result shown in table 3. (ie) There is no significant association between the educational qualification and the sources of information regarding the various investment avenues.

When the requirements are more and resources are scattered. when there are more members in a family, the expenses are more and prime importance can't be given to any one objective. Hence the researcher infers one thing (ie) there is no significance association between the number of family members and the prime objective of their investment.

More number of family members will reduce the percentage of savings and it leads to non objective movement in family administration. This inference is drawn by the researcher based on the chi square test with correspondence analysis.

CONCLUSION

Savings is a very important aspect for individuals, family, or-

ganizations, nation etc. Therefore normally everyone would be giving positive nod for savings and there would not be any second thought. At the same time how effectively can one save? Which are the sources that help to multiply on investment? When to do this? What percentage should it be? All these are called million dollar questions which require deep analysis to find suitable answers. As we know every individual like to build on their wealth which gives them a social status, only problem that everyone encounters is how! When! Where! to do our saving and investments in the present scenario. Many learn this magic after burning their fingers several times. The researcher made an attempt to know the level of importance of savings among the semi urban crowd and the finally it is concluded saying that level of importance is low.

This can be improved only by series of awareness programmes such as advertisements, motivational speeches etc in various media about savings and investments, implementation of attractive interest rate, establishment of new industries and business, reduction in cost and increase in profitability of industries and business.

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