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A Comparative Study on the Financial and Spending Behaviour of Working and Non-Working Women

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Abstract: This research paper tries to find how financial independence gained through the self-income genration affects the spending, saving, and budgeting behaviour of women. It focuses on a comparative study of working and non-working women. Financial independence gives women more control over their money and influences their financial decisions. Non-working women, who may rely on spouses or family for money, have limited control over financial choices. Using secondary data collected from reports, surveys, articles, and existing research, this study highlights the differences in money management between these two groups. It also discusses the role of financial literacy, social norms, and economic empowerment. The goal is to provide insights into how financial independence changes women's approach to money and how better financial education can support both working and non-working women in making informed decisions.
Keywords: Financial Independence, Spending Behaviour, Working Women, Non-Working Women.

Introduction - In modern times, financial independence has become significant for everyone including women. The term financial independence means the ability to earn, manage, and utilize money without being dependent on others. Particularly women, an important group for a developing country, are increasingly becoming financially independent over the time. For a long time, women were unable to enjoy financial independency due to many different reasons like the society's patriarchal nature, dependency for money on spouse, low awareness about finance and financial means, their earning's small size etc. But now, women are earning equivalent to men, gaining awareness about finance and above all have started playing an important role in decision – making. It indicates the improvement of their standard of living, an increased participation in both family and societal matters and securement of their future.

These all are the signs that indicate the increasing participation of women in spending and investment related decisions. The present paper examines that how financial independence impacts the spending behaviour of both working and non-working women of Indore city. Spending behaviour is the term used for the behaviour that includes the planning, use and management of financial resources to meet the personal and household needs. The activities such as purchasing things, paying bills, saving and investing money for future use and budgeting are included under this term. It is seen that women who earn show a different spending and saving pattern compared to those who do not earn and are dependent on other for money.

Often, working women, with a regular source of income take responsibility for managing both personal and family expenses. They show more inclination towards budgeting, saving for emergencies, and making long-term investments. On the other hand, non-working women may face certain limitations in all these activities and their financial decisions are usually influenced by family priorities and the available funds in their hand which are the result of the savings done by them.

The present study analyses secondary data collected from different sources like government reports, research articles, published researches and surveys. It tries to find the answer some key questions:

1. What is the way through which working women plan and manage their expenditure?
2. What are the financial challenges that are faced by working-women?
3. Do working women have a greater confidence for saving and investing their own money?
4. How does earning on their own influence purchasing power and decision-making?

The study is aimed to highlight the importance of income generation and financial awareness that women must have as they form a large group of citizens that can contribute for the growth of country. It also highlights that financial independence and financial awareness of women improve their life-style and the overall well-being of their family. So, ultimately this paper promotes the need for

financial education, skill development, employment opportunities, and digital literacy to support women in achieving financial independence, whether they are employed or not.

Objectives: The present study tries to explore the relationship between financial independence and spending behavior among working and non-working women. The main objectives are

1. To understand the term financial independence and its impact on women
2. To compare the spending behaviour of working and non-working women by analysing their habits of shopping, savings, budgeting, and investments.
3. To study the level of financial awareness and decision-making power in women.
4. To find the influence of earning on a woman's ability to manage money, plan for future, and support her family.
5. To underscore the role of education, employment, and digital tools (such as banking apps, e-wallets, etc.) in promoting financial independence among women.

Literature Review: Financial independence is a term that is gaining more and more attention by the women as they are increasingly joining the workforce and taking the control of their finance. Many researchers have searched on this concept through different perspective and each of them shows a lot many useful and valuable facet of the same concept. The following studies are the fine examples of this concept:

Financial Independence and Women's Empowerment: In developing countries like India, financial independence has increasingly been recognized as a critical component of women empowerment. By becoming financially independent women can exercise control over their financial resources, financial and household decision-making and spending thus, improving their overall well-being. Many studies have concluded that the point that women having independent income sources are more likely to influence their family's decisions regarding children's education, healthcare, and financial planning (Kabeer, 2012). Similarly, Duflo (2012), in his study, highlighted the fact that the economic empowerment of women contributes not only to individual welfare but also to broader developmental outcomes.

Mehrotra & Parida (2017) say that financial independence helps reducing the gender biased dependency in taking financial decisions and also improves socio-economic status of women. It means, when women's access to financial resources and income exists within a household, the bargaining power and quality of life both get increased.

Spending Behaviour of Working Women: When working women have a regular source of income, they exhibit a structures and gaol-oriented financial behaviour. Researches have shown that the women who are salaried, do a systematic financial planning which include savings, investments, and insurance (Banerjee & Duflo, 2011). Working women due to effect of their feminine behaviour prioritize long term goals like home ownership, children's education, and retirement planning.

When compared to non-working women, working women have higher levels of financial literacy and greater adoption of digital financial tools. In their study, Lusardi and Mitchell (2014) found that the individuals who are financially literate give higher priority to retirement planning and investment activities. This trend in India is further supported by increased use of digital payment systems and online financial platforms among working women (Ghosh & Vinod, 2017).

Spending Behaviour of Non-Working Women: Non-working women play a significant role in managing household consumption still, they show a typically restricted spending behaviour which concerns only with the household needs. It is so because they depend for their money on their spouse or other family members. Their dependency also limits their participation in savings and investments. In contradiction to working women, non-working women tend to have lower levels of financial literacy and reduced access to formal financial institutions (Sethi & Acharya, 2018). Due to this lack of inclusion, their ability to engage in in long-term financial planning is restricted and also their contribution remain largely invisible in formal economic assessments.

Research suggests that non-earning women tend to have lower levels of financial literacy and reduced access to formal financial institutions (Sethi & Acharya, 2018). This lack of financial inclusion restricts their ability to engage in long-term financial planning. Furthermore, despite their critical role in household management, their economic contributions remain largely invisible in formal economic assessments(Klasen & Lamanna, 2009).

Impact of Financial Literacy: Financial literacy is a key factor of an intellectual financial behaviour and financial independence among women. Financial literacy covers the knowledge of budgeting, saving, investing, and risk management. The higher the financial literacy, the higher the chances of making informed decision financial decisions and reducing the dependency of dependence on others.

Lusardi and Mitchell (2014) found that financial knowledge significantly helps improve savings behaviour, investment participation, and retirement security among individuals. Similarly, Agarwal et al. (2009), in their study, highlighted that financial decision-making abilities vary across demographic groups, in which education plays a crucial role. In India the initiatives taken on financial literacy have shown a positive effect in improving women's financial inclusion and decision-making capabilities (Sarma & Pais, 2011).

Factors Influencing Financial Behaviour of Women: Women's financial behaviour is shaped by a combination of socio-economic, cultural, and demographic factors:

In India, the financial behaviour of women is the outcome of the combination of various socio-economic, cultural and demographic factors:

Income Level: The level of income determines the nature of savings and investment. The stable income may result in systematic savings and investment while irregular or dependent income may limit financial planning (Banerjee & Duflo, 2011).

Education and Financial Literacy: Education and Financial literacy are the key factors that help bring independency in financial decision making. The women who are educated adopt financial tools and make more informed decisions compared to those who are uneducated and don't have financial literacy(Lusardi & Mitchell, 2014).

Family Structure: In Indian context, the structure of family also play a significant role when it comes financial decisions by women. The joint family systems in India have a great impact on inclusion of women in financial decisions and women who are the part of nuclear families often enjoy more inclusion in financial decisions of the family (Mehrotra & Parida, 2017).

Cultural Norms: Kabeer (2012) found in his study that the patriarchal structures can limit the participation of women in financial decisions of the family, although there is a gradual shift is noted in this practice in urban settings.

Age Group: The age of the investor also impacts the financial decision making process. Recently, it has been found that younger women tend to focus more on consumption and life-style, while older women prioritize savings and financial security (Agarwal et al., 2009).

Urban–Rural Divide: The living area and atmosphere also impact on the inclusion of women in financial decisions. Women, living in Urban Area have greater access to financial services and digital tools andon the other hand, rural women face barriers to financial inclusion (Sarma & Pais, 2011).

Research Gap: After comparing the papers, articles, thesis and other available literature in the topic, it was found that there exists limited comparative research on the spending behaviour of working and non-working women, particularly in the mid-tier cities. Most of the existing studies focus on income effects or general empowerment which leaves a gap in understanding how the status of employment of women directly influences regular financial decisions and long-term planning.

Challenges Faced by Non-Working Women: Non-working women facevarious barriers to financial independence. These barriers include lack of personal income, limited access to financial services, dependence on family members, and socio-cultural restrictions. These challenges reduce their participation in financial decision-making and limit their ability to plan for future financial security (Sethi & Acharya, 2018).

Research Methodology : The research paper is aimed to understand spending behaviour differences between working and non-working women. To achieve the aim, the paper moves forward through a descriptive and comparative approach and tries to find how financial independence plays an important role in shaping their financial decisions. The study is totally based on secondary data which implies that the information is collected from already available sources such as published reports, journals, government databases, and research articles instead of field survey or direct interviews.

The secondary data method was chosen due to availability of good amount of data in public domain and using this data allowed the researcher to identify common patterns, trends and differences in financial behaviour of women which the researcher could study and can apply to draw inferences in his own thesis. The sources for gathering the data were the surveys from National Sample Survey Office (NSSO), reports from NITI Aayog, studies published by international organizations like the World Bank, UN Women, and the International Labor Organization (ILO), as well as private research agencies such as ASSOCHAM, PwC, and Deloitte.

Scope: The sample population for the study are Indian women working and non-working from small cities aged between 25-60 yrs. The main focus was on the categorization of earing status i.e. those who earn and those who do not. The study focuses on finding the changes in the spending, saving and overall financial planning status of women when they earn an income. The study is based on the secondary data so, the findings and interpretations are based on the observation and logical analysis rather than calculations. The methodology also helps explore different domains of the financial behaviour of women such as the social and economic background or cultural background. However, the limitation is that the analysis depends on the accuracy and completeness of the available data.

In summary, the paperfollows a qualitative, descriptive method using secondary sources and tries to examine the financial habitsof women. It provides meaningful comparisons and insights that may help different academicians, policymakers and financial thinkers.

Limitations of the study: The study is totally based upon the secondary data and therefore it has no direct feedback from women. Also, the findings may reflect the study over some particular areas, avoiding other areas. As it has no direct opinions or interviews, it may lack in capturing emotional or social factors influencing spending behaviour.

Data Analysis: The data analysis presents the key insights drawn by the researcher that are based on existing data, reports and studies that compare the financial behaviour of the concerned two groups.

Key Observations:

Table (see in last page)

Findings and conclusions:

1. Working women are actively involved in spending

decisions and non-working women often do not show this involvement for one or the other reason. This shows that working women enjoy more control over purchases

2. Working women regularly save money, whereas non-working women do it on an irregular basis. This shows thatregular income encourages saving habits among women.
3. Most of the working women follow a monthly or weekly budget, compared to non-working women. This interpretation shows that the income responsibility often leads to more structured planning.
4. Working women tend to take independent financial decisions, while a few non-working women show this tendency. The interpretation reflects the power of financial independence.

Suggestions: As the findings suggest that non-working women face many restrictions and limitations in making financial decisions and for them they rely on others, the researcher suggest that more financial literacy programs must be there to make them aware and active. Although working women show a higher level of financial independence, they must be motivated to invest more wisely and to take informed decisions. As women are the other half of the society making them financially strong is a responsibility of the other more informed half of the society.

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Table

Key points	Working Women	Non-working Women	Interpretation
Spending pattern	Working women spend according to a specific plan they have made for themselves. The allocation of money involve areas like personal needs, family welfare, long-term goals and self-care products, insurance premiums and EMIs says an ASSOCHAM report (2021)	They mainly spend on household needs, education of their children and medical needs. Their expenses totally depend upon the family allowance or the income of their spouse which limits their freedom of choice.	The spending behaviour of working women is more independent and that of non-working is restricted.
Saving habits	According to PwC (2022) 60% of working women actively save a part of their income and own a personal savings account. Some of them manage to invest in mutual funds, gold or fixed deposits.	Some non-working women save money that too not regularly and most of them rely on cash savings at home or on chit funds or on self help groups. They are less likely to use banking services.	Personal income has a direct effect on savings. Women, who earn are more aware and financially literate. They use the formal tools for saving whereas non-working ones depend more on traditional methods for saving.
Money management	A report from NITI Ayog says that working women manage their money more effectively by tracking expenditure, planning the expenses and using digital tools.	As they have a lower level of financial literacy, they tend to use less tools and they rely more on experience for budgeting and planning.	Working women tend to act on structured and planned budget and spend accordingly while non-working ones manage their money on experiences and under restrictions.
Financial decision-making power	Studies say that as the working women earn on their own they tend to show more involvement in decisions related to finance. They can also make commitments and purchases on their own.	In this case the decision-making process mostly goes only to taking their opinion. It is not necessary that their decision will be valued and considered.	Income gives confidence and brings value in case of taking financial decisions.

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