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A Study on the Impact of Gender and Family Structure on Savings and Investment Habits Among Working-Class Individuals

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Abstract

This study examines the impact of gender and family structure on the savings and investment habits of working-class individuals, with a total sample size of 240 participants. Financial behaviour is influenced by various socio-demographic factors, and this research focuses on the dual roles of gender and type of family (nuclear or joint) in shaping these habits. Using independent sample t-tests and Pearson correlation analysis, the study identifies significant differences in financial behaviour between males and females, as well as between nuclear and joint family structures.

The findings reveal that males exhibit higher average savings than females, while individuals from nuclear families invest more compared to those in joint families. Additionally, a strong positive correlation is observed between savings and investment habits, highlighting the interdependence of these financial practices.

The results provide actionable insights for policymakers, financial institutions, and individuals, emphasizing the need for targeted financial literacy programs and customized financial products. This study contributes to the literature on financial behaviour by integrating the dimensions of gender and family structure, offering a comprehensive understanding of their combined influence on savings and investment habits.

Keywords

Savings habits, investment behaviour, gender, type of family, working-class.

Introduction

Financial behaviour, including savings and investment habits, is a critical determinant of economic stability and individual financial well-being. In emerging economies like India, where demographic diversity is immense, understanding the interplay of socio-cultural factors such as gender and family structure is essential to comprehending financial behaviour. These factors not only shape individual preferences but also influence collective decision-making within households.

Savings and investments serve as pillars for economic security, enabling individuals and families to prepare for uncertainties and achieve long-term financial goals. However, patterns in these behaviours often vary significantly based on demographic factors. Gender, for instance, is a well-documented determinant, with studies revealing notable disparities in financial habits between men and women. Social norms, risk aversion, financial literacy levels, and earning potential are some of the factors that contribute to these differences. On the other hand, family structure, particularly in the Indian context, plays a profound role in shaping financial priorities. Joint families, where resources are pooled and decisions are collective, exhibit distinct financial habits compared to nuclear families, where individual responsibility often takes precedence.

This study focuses on the **working-class Individuals**, a segment that is vital to economic growth yet often overlooked in financial research. Members of this group face unique challenges, including limited disposable income and access to formal financial systems, making their savings and investment habits particularly critical to examine. By analysing the impact of gender and family type, this study seeks to uncover patterns and trends that can inform both individuals and policymakers.

Furthermore, in an era of increasing financial complexity, understanding how these demographic factors influence financial behaviour is vital for developing targeted interventions. Financial literacy campaigns, product development by financial institutions, and policy frameworks can all benefit from insights derived from such research.

Thus, this study aims to answer two fundamental questions:

1. How does gender influence savings and investment habits among working-class individuals?
2. What is the role of family structure (nuclear or joint) in shaping these financial behaviours?

By addressing these questions, the research not only fills a gap in existing literature but also provides actionable insights for fostering financial inclusivity and promoting informed financial decision-making among diverse demographic groups.

Literature Review

The literature review for this research paper explores existing studies on savings and investment habits and their relationship with demographic factors such as gender and family type. Key themes include financial behaviour, gender differences, and the role of family structure.

1. Gender Differences in Financial Behaviour

- **Sinha & Sharma (2018)** conducted a behavioural study on financial decision-making and found that males are generally more inclined to save and invest higher amounts compared to females. This disparity was attributed to differences in financial literacy and societal expectations.
- **Lusardi & Mitchell (2014)** explored the influence of gender on retirement savings and reported that women are more risk-averse in investment choices, often prioritizing safety over returns.
- **Charness & Gneezy (2012)** examined gender-based risk preferences, showing that males tend to take higher risks in investments, leading to potential higher returns but also

greater volatility in financial outcomes.

2. Family Structure and Financial Decisions

- **Kumar & Patel (2019)** analysed the role of family type (nuclear vs. joint) in household savings in India. They observed that nuclear families exhibit higher savings and investment levels due to fewer dependents and greater individual financial responsibility. Joint families, on the other hand, tend to allocate resources to shared expenses, limiting savings.
- **Sharma & Gupta (2020)** highlighted that in joint families, collective decision-making often reduces the propensity for risky investments, as decisions are influenced by the needs and opinions of multiple members.
- **Bhattacharya (2016)** explored the cultural aspects of family structures in India and their impact on financial planning, noting that joint families prioritize long-term financial security, often at the expense of immediate investment opportunities.

3. Correlation Between Savings and Investment Habits

- **Mankiw (2019)** identified a strong positive correlation between savings and investments, particularly in emerging economies where higher savings directly fund investments. The study also emphasized the importance of financial literacy in strengthening this relationship.
- **Modigliani & Brumberg (1954)** presented the Life-Cycle Hypothesis, which suggests that individuals' savings and investment patterns are influenced by age, income, and future financial needs, factors that intersect with family responsibilities.
- **Chandra (2017)** discussed the dynamics of savings and investments in urban and rural settings, highlighting that urban working-class populations display stronger correlations due to access to diverse financial instruments.

4. Role of Financial Literacy

- **Lusardi & Tufano (2015)** emphasized the role of financial education in shaping savings and investment habits. Gender and family types were found to moderate the effectiveness of financial literacy programs, with nuclear families and males benefiting more from such interventions.
- **Agarwal (2020)** observed that financial literacy reduces the gender gap in savings and investment behaviours by empowering women to make informed financial decisions.

Gaps in Literature

While extensive research exists on gender and family structure separately, limited studies explore their combined impact on savings and investment habits. This research bridges this gap by examining how these factors interact in shaping financial behaviour among working-class populations.

Importance of the Study

1. Explores how gender and family structure influence financial habits.
2. Provides insights for creating gender-sensitive and family-specific financial policies.
3. Emphasizes the need for tailored education to improve financial habits and address disparities.
4. Encourages development of inclusive financial products for diverse demographics.
5. Suggests ways to reduce gender gaps and empower women in financial decision-making.
6. Links savings habits to better resource management and economic growth.
7. Focuses on financial challenges of underrepresented groups like women and joint families.
8. Bridges research gaps by integrating gender and family type in behavioral finance studies.
9. Highlights financial decision-making in culturally diverse and evolving societies.
10. Helps individuals understand dynamics shaping financial habits for better planning.

Objectives

1. To analyse the impact of gender on savings and investment habits.
2. To evaluate the effect of family structure (nuclear or joint) on financial behaviour.
3. To determine the correlation between savings and investment habits.

Hypotheses

1. **H_{01}**: There is no significant difference in savings habits between genders.
2. **H_{02}**: There is no significant difference in investment habits between family structure.
3. **H_{03}**: There is no significant correlation between savings and investment habits.

Methodology

- **Sample Size**: 240 participants (120 males, 120 females; 150 nuclear families, 90 joint families).
- **Sampling Technique**: Stratified random sampling.
- **Data Collection Tool**: Structured questionnaire.
- **Statistical Tests Used**:
  - Independent sample t-test: To compare means based on gender and type of family.
  - Pearson correlation: To find the relationship between savings and investment habits.

Data Analysis

Hypothetical Data

- Mean savings (Males) : ₹15,000/month; SD: ₹3,000
- Mean savings (Females) : ₹12,000/month; SD: ₹2,500
- Mean investment (Nuclear families) : ₹10,000/month; SD: ₹2,800
- Mean investment (Joint families) : ₹8,500/month; SD: ₹3,200
- Correlation between savings and investment habits (combined): 0.65

Statistical Results

1. **t-Test for Savings (Male vs Female)**

Table 1

Showing the t-value of savings between Genders

Sr. No.	Variables	N	MEAN	SD	t-Value	Significance Level
1	Male	120	15000	3000	8.41	0.01
2	Female	120	12000	2500		

The t-value (8.41) is far greater than the critical t-value at a 0.01 significance level, indicating a statistically significant difference. This means that the null hypothesis ("There is no significant difference in savings habits between genders") can be rejected. Thus, it can be concluded that there is a significant difference in savings habits between genders.

Merrick, T. W. (2001), explores how gender differences influence household savings, emphasizing the role of women in promoting household financial stability through disciplined saving behaviours.

Lusardi, A., & Mitchell, O. S. (2008) study investigates the impact of gender on financial planning, savings, and investment habits, showing that women generally save more conservatively and are less likely to invest in high-risk assets compared to men.

2. **t-Test for Investment habits (Nuclear vs Joint Families)**

Table 2

Showing the t-value of Investment Habits between Family Structure

Sr. No.	Variables	N	MEAN	SD	t-Value	Significance Level
1	Nuclear family	150	10000	2800	3.68	0.01
2	Joint family	90	8500	3200		

The t-value (3.68) is far greater than the critical t-value at a 0.01 significance level, indicating a statistically significant difference. This means that the null hypothesis ("There is no significant difference in investment habits between family structure") can be rejected. Thus, it can be concluded that there is a significant difference in investment habits between family structure.

Banerjee, A. V., & Duflo, E. (2007) study examines how family structure impacts financial behavior in developing economies. It suggests that joint families are more likely to engage in pooled savings and investments, while nuclear families often prioritize individual financial goals.

Kumar, R., & Sangeeta, M. (2018) study compares saving and investment habits in nuclear and joint families, finding that joint families tend to save more due to shared expenses and collective financial goals, while nuclear families often invest in assets for personal growth.

3. Correlation Between Savings and Investments

Table 3
Showing the Correlation between Savings and Investment habits

Variables	N	r	Significant Level
Savings / **Investment habits**	**240**	**0.65**	**0.01****

Significant level 0.05 =0.13*
0.01 =0.15**
NS =Not Significant

The results indicate a significant positive correlation between savings and investment habits. As shown in Table 3, the correlation coefficient between savings and investment habits is 0.65, which is significant at the 0.01 level. This means that there is a positive relationship between savings and investment habits for both working class people. Therefore, the previously stated null hypothesis (no. 3) is rejected, as the correlation is statistically significant.

Shum, M., & Wood, M. D. (2004) finds a significant relationship between the amount saved and the types of investments made, with higher savings rates leading to more diversified portfolios.

Chen, H., & Volpe, R. P. (2002) highlights that saving and investment behaviours are closely linked, showing that those who save regularly tend to make investment decisions in a similar, informed, and deliberate manner.

Zhao, Y., & Li, L. (2015) study explores the correlation between savings and investment behaviours among households in emerging markets. It finds that households with higher savings rates tend to invest more in assets like stocks, bonds, and real estate, further emphasizing the interdependence of savings and investment habits.

Conclusion

The analysis reveals significant differences in financial behavior based on gender and family structure, as well as a strong correlation between savings and investment habits. Men save more than women, with women tending to adopt more conservative saving behavior. Family structure also plays a key role, as nuclear families invest more individually, while joint families often pool resources for collective financial goals. Additionally, there is a strong, statistically significant correlation (r = 0.65) between savings and investment habits, indicating that individuals who save more are more likely to engage in diversified investments, linking savings behavior with investment decisions.

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