

Innovations

The Interplay between Financial Attitude and Behavior: A Study on Working Women in Haryana

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Abstract

This study explores the interplay between financial attitude and the financial behavior of working women in Haryana, India. A sample of 313 working women was surveyed using the convenience sampling method. The analysis was conducted using SPSS (version 23) and AMOS (version 21). Exploratory and confirmatory factor analyses were carried out, followed by multiple regression analysis. The findings suggest that a strong financial attitude positively influences the financial behavior of working women. This indicates that women with a more positive and proactive financial outlook are more likely to practice sound financial practices such as saving, budgeting, and investing. This study identifies key factors that influence financial behavior and offers practical recommendations for fostering a positive financial attitude among working women. The study underlines the significance of financial education and awareness in shaping sound financial decisions, ultimately supporting the financial empowerment of women in developing economies like India.

Keywords: *Financial attitude, factor analysis, financial behavior, regression, financial well-being*

1. Introduction

Recent research has largely overlooked the financial management attitudes and behaviors of families, despite an increasing need to understand this aspect of family life. Over the past few decades, the economic landscape has grown increasingly complex, and many families struggle to manage their financial resources effectively. The challenges of high inflation, rising unemployment rates, escalating tax burdens due to “bracket creep,” and double-digit interest rates have only made financial planning more difficult for the average household. These economic pressures underscore the urgency of developing effective financial strategies to navigate the impact of these factors on family economic security and long-term financial well-being. As economic conditions continue to

evolve, understanding the financial behaviors, attitudes, and practices within households is crucial to ensuring that families are equipped to handle both immediate financial needs and future uncertainties.

In parallel, the roles and status of women in society have undergone profound changes, influenced by a range of socio-economic factors. The shift from traditional joint families to more nuclear family structures, an increase in living standards, and rapid technological advancements have all contributed to women's evolving position in the economy. Today, women are more educated, empowered, and financially independent than ever before. With increased participation in the workforce and the ability to earn their own income, women are playing a more central role in financial decision-making within households. Despite these advancements, research continues to show that women, in general, still lack sufficient financial literacy compared to men (NCFE, 2014; Javalgi& Grossman, 2016; Kharas, 2017). Many women rely on others—such as spouses, parents, siblings, or even social media influencers—when it comes to making financial planning. Various factors influence women's financial choices, including their financial experience, level of education, age, employment status, and emotional considerations, as well as their role within the family. Life events such as divorce, separation, or the loss of a partner can also significantly impact their financial decisions and strategies. This highlights the need for women to gain a stronger understanding of personal financial management to make informed short- and long-term decisions that contribute to their financial independence and security.

Research has shown that there are significant gender differences in personal financial management, with women generally exhibiting lower levels of financial literacy and management skills compared to men (Atkinson & Messy, 2012; Chen & Volpe, 1998; OECD, 2013; Lusardi&Scheresberg, 2017). These differences are evident not just in financial knowledge but also in financial attitudes and behaviors. For instance, women may have different preferences and attitudes toward financial risk, saving, investing, and debt management. These attitudes, in turn, shape their financial behavior and overall financial health. The financial attitudes and behaviors of women are therefore critical factors in their ability to make informed decisions and take control of their economic futures.

Understanding the relationship between financial attitudes and behaviors is particularly important in the context of Haryana, a region in India where traditional norms and rapid modernization coexist. The influence of socio-cultural factors, including patriarchal family structures and gendered expectations, can have a significant impact on women's financial decisions. Financial attitude—defined as an individual's beliefs, preferences, and inclinations toward managing money—plays a central role in shaping behaviors such as budgeting, saving, and investing. In Haryana, where women's economic participation is increasing but still constrained by traditional gender norms, exploring how these attitudes affect financial behavior is essential for understanding and addressing the barriers

women face in managing their finances. Despite the growing recognition of the significance of financial literacy, there is limited research on how financial attitudes interact with socio-cultural contexts to influence women's financial behaviors in Haryana.

This research seeks to fill this gap by examining how financial attitudes shape the financial behaviors of women in Haryana. The goal is to offer insights that can guide policies and educational programs aimed at strengthening financial literacy and economic independence among women in the region. By understanding the factors that influence women's financial attitudes and behaviors in this context, the research will contribute to the development of more targeted and effective strategies for empowering women economically, improving their financial decision-making, and promoting long-term financial security.

2. Review of literature

Financial attitude refers to an individual's mindset, opinions, and judgments regarding finances (Pankow,2012). According to social learning theory, perception and action are shaped by the dynamic interplay between the environment, behavior, and internal factors, each influencing and being influenced by the others. In this context, financial attitudes and financial management behaviors are the internal factors that influence perceptions and actions. Adopting a positive and appropriate financial attitude is a crucial starting point for practicing effective financial management behavior (Parahiyangan, 2013). Financial attitudes can be seen as a psychological inclination that is reflected when assessing suggested financial management practices, with varying degrees of agreement (Parotta, 1996). These attitudes are essentially a reflection of one's mindset, opinions, and judgments about the financial world around them (Pankow, 2003). According to Rajna and Anthony(2011), there is a connection between financial attitudes and the extent of financial problems an individual may face.

Financial management behavior refers to an individual's ability to handle various aspects of personal finances, including planning, budgeting, controlling, utilizing, searching for, and saving financial resources on a daily basis (Kholiah and Iramani, 2013). It encompasses how individuals manage, handle and utilize their financial resources. The ones who approach their financial behavior responsibly are likely to be effective in managing their money. The quality of financial decisions is closely linked to the decision-makers level of financial literacy, defined as the ability to make well-informed choices aligned with one's long-term goals (Barbić et al., 2019). Individuals with a sense of responsibility toward their financial behavior tend to manage budgets carefully, save regularly, control spending, invest, and meet financial obligations on time (Dwiastanti, 2015). Tang et al. (2015) developed a model showing that financial behavior is influenced by three levels: the cognitive level (financial knowledge), social level (parental influence), and psychological level (self-discipline and attentiveness).

Research by Amanah et al. (2016) found that financial attitude has a partial effect on financial management behavior. Similarly, Mien and Thao (2015) and Herdjiono and Darmanik (2016) also concluded that financial attitude positively influences financial management behavior. However, a study by Novita and Maharani (2016) argued that financial attitude does not have any impact on financial management behavior. Humaira&Sagoro (2018), financial attitudes have a positive impact on financial management behavior. This suggests that as financial attitudes improve, financial management behavior also tends to improve. Mien &Thao (2015) also indicate a positive and strong relationship between financial attitudes and financial management behavior. Further, Meli and Rediana (2018) observed that in 2015, students from the Faculty of Economics at the State University of Semarang displayed strong skills in managing financial expenses. These students demonstrated a positive attitude toward their finances and exhibited responsible financial management behaviors in handling their personal finances. Similarly, Yong et al. (2018) noted that Financial attitude is closely linked to behavior, highlighting that financial attitude plays a crucial role in monitoring spending and saving habits. In Malaysia, the Chinese population exhibits the highest levels of financial knowledge and behavior, although the Indian population scores highest in financial attitude. Consequently, it is essential for young people to improve their financial knowledge and communication skills for healthier financial management (Yong et al., 2018).

Moreover, financial attitude plays a crucial role in the failure or success of financial management. It influences ability to maintain long-term savings of students. For personal budgeting, students develop effective financial plans that serve as guides for managing their finances. Nurdian et al. (2017) studied students' confidence in managing financial well-being more effectively, noting that students believe a well-executed investment plan can yield substantial future returns. Yong et al. (2018) emphasize the need to educate young working adults on the importance of establishing and achieving long-term financial goals. This is particularly relevant in Malaysia, where youth face challenges like high-interest loans, personal and credit card debts, and often live beyond their means due to a lack of self-discipline (Loke, 2015). Based on the literature review, this study explores the relationship between financial attitude and financial behavior by developing the following hypothesis:

H1: Financial attitude positively affect financial behaviour.

3. Methodology

This study examines the interplay between financial attitudes and financial behavior of working women in Haryana. Data were collected from 313 respondents using a self-administered questionnaire, with participants selected through a convenience sampling method. The analysis was conducted using SPSS (version 23) and AMOS (version 21). The study incorporated a combination of **Exploratory Factor Analysis (EFA)** and **Confirmatory Factor Analysis (CFA)** to validate the measurement model and establish construct reliability and validity.

Subsequently, multiple regression analysis was employed to test the hypotheses and determine the influence of financial attitude on financial behavior. Financial attitude was used as independent variable, financial behavior as dependent variable, and marital status, education, and age as control variables. Financial behavior was assessed using a five-point Likert scale, which measured different aspects of the respondents' financial actions such as saving, investment, and budgeting. To gauge financial attitudes, the study employed a set of four items, while seven items were used to evaluate financial behavior. The scale for financial attitude was adapted from Potrich et al. (2018), while the scale for financial behavior was based on the frameworks established by OECD/INFE (2022) and Patel & Kumar (2017).

4. Data analysis and results

4.1 Demographic profile

Table 1: Demographic profile

Variables	Frequency (N=313)	Percentage (%)
Age		
Below 35	180	57.50
35-50	108	34.50
Above 50	25	8.00
Total	313	100
Education		
Upto 12 th	29	9.30
Graduate	92	29.40
Post-graduation and above	192	61.30
Total	313	100
Residential area		
Rural	112	35.78
Urban	201	64.22
Total	313	100
Marital status		
Single/Divorce/Separated	135	43.13
Married	178	56.87
Total	313	100
Monthly income		
UptoRs. 25,000	115	36.74
Rs. 25,000 to Rs.50,000	136	43.45
Above Rs. 50,000	62	19.81
Total	313	100

The demographic profile of the study sample (N=313) reveals a diverse distribution across key variables (Table 1). The majority of respondents (57.50%)

are below 35 years, followed by 34.50% aged between 35–50, and 8.00% above 50 years. In terms of education, almost 61.30% hold a postgraduate degree or higher, while 29.40% are graduates, and 9.30% have completed up to 12th grade. The sample predominantly resides in urban areas i.e. 64.22% and the remaining 35.78% are from rural regions. Further, 56.87% are married, while 43.13% are single, divorced, or separated. Monthly income levels show that 36.74% earn up to ₹25,000, 43.45% fall within ₹25,000–₹50,000, and 19.81% earn above ₹50,000. This demographic overview highlights the diversity of the sample, offering a robust basis for analyzing financial attitude and behavior across different socio-economic and demographic contexts.

4.2 Factor analysis

4.2.1 Exploratory factor analysis

This study uses Exploratory Factor Analysis (EFA) to identify factors and reduce the total number of items. Thus, all 12 items were subjected to principal component analysis with varimax rotation. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (0.920) and Bartlett’s test of sphericity ($p = 0.000$) confirmed the suitability of the data for factor analysis. Factors with eigenvalues exceeding one were retained, and only items with factor loadings of 0.50 or higher were included. Two factors were extracted and named financial attitude and financial behavior. As shown in Table 2, the factor loading of financial attitude ranged from 0.732 to 0.850 while the factor loading of financial behavior ranged from 0.704 to 0.807. Every factor loading exceeds the minimum threshold value of 0.50 and Cronbach alpha values were 0.914 and 0.920 for financial attitude and financial behavior respectively showing strong internal reliability as outlined by Hair et al. (2013). Thus, no item has been dropped at this point and all 12 items are subjected to further analysis.

Table 2: Exploratory and confirmatory factor analysis and reliability results

Items	EFA loadings	CFA loadings	Cronbach alpha
Financial Attitude			
FAT1	0.732	0.822	0.914
FAT2	0.785	0.850	
FAT3	0.832	0.852	
FAT4	0.850	0.842	
FAT5	0.779	0.774	
Financial Behavior			
FBH1	0.757	0.868	0.920
FBH2	0.728	0.857	
FBH3	0.750	0.773	
FBH4	0.765	0.689	
FBH5	0.807	0.704	
FBH6	0.792	0.814	

FBH7	0.704	0.751	
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4.2.2 Confirmatory Factor Analysis (CFA)

First-order CFA was conducted using AMOS 21 to validate the theoretical dimensions of financial attitude and financial behavior. CFA was conducted to confirm the factor structure identified during EFA and to ensure that the measurement model accurately represents the underlying constructs. All 12 items from the previous Exploratory Factor Analysis (EFA) were retained, with CFA loadings ranging from 0.689 to 0.868. Since all loadings exceed 0.50, no items were eliminated, indicating a strong item-to-factor relationship. This ensures that the regression analysis would yield unbiased results.

Model-fit indicators of the first-order construct

The model fit indicators were determined after assessing the reliability and validity of the constructs. These indicators are important for assessing the degree to which the theoretical model corresponds to the observed data. Based on this, both goodness-of-fit and badness-of-fit indicators were identified to provide a comprehensive evaluation of the model's performance. Goodness-of-fit indicators include the chi-square statistic (CMIN/DF = 3.822), Comparative Fit Index (CFI = 0.949), Tucker-Lewis Index (TLI = 0.935), and Incremental Fit Index (IFI = 0.949). On the other hand, the badness-of-fit indicator is the Root Mean Square Error of Approximation (RMSEA = 0.095). Overall, the model demonstrates a strong fit according to all fit indices.

4.3 Correlation analysis of financial attitude and financial behavior

Table 3 represents the correlations between the independent variable (Financial Attitude, FA), control variables (marital status, education level, and age), and dependent variables (Financial Behavior, FB). Marital status shows a strong positive correlation with age ($r=0.575, p \leq 0.01$), Financial Attitude ($r=0.190, p \leq 0.01$), and Financial Behaviour ($0.155, p \leq 0.01$). Education has significant correlations with Financial Attitude ($r= 0.129, p \leq 0.05$) and Financial Behaviour ($r= 0.162, p \leq 0.01$). Age correlates with Financial Attitude ($r=0.207, p \leq 0.01$). Financial attitude shows a strong positive correlation with financial behavior ($r=0.690, p \leq 0.01$). Thus, the assumptions were supported by the significant correlations found among the variables.

Table 3: Correlations between variables

Variables	1	2	3	4	5
1. Marital status	-				
2. Education	-0.046	-			
3. Age	0.575**	0.043	-		
4. FA	0.190**	0.129*	0.207**	-	
5. FB	0.155**	0.162**	0.110	0.690**	-

Note: ** and * indicate significant at 1% and 5% level respectively. FA= Financial Attitude, FB=Financial Behaviour

4.4 Testing hypothesis

Table 4: Regression analysis of financial attitude and financial behavior

Variables	Financial Behavior
Marital status	0.072
Education	.080
Age	-.076
Financial Attitude	0.682***
R ²	0.486
F statistics	72.947***

***. Correlation is significant at the 0.01 level

The regression analysis investigates the impact of marital status, education, age, and financial attitude on financial behavior (Table 4). Marital status, education, and age are used as control variables. Among the variables, the financial attitude has a strong positive and statistically significant effect on financial behavior ($\beta = 0.682$, $p < 0.01$), indicating that a more positive financial attitude is closely associated with more proactive financial behavior. Marital status ($\beta = 0.072$) and education ($\beta = 0.080$) show small positive relationships with financial behavior, though they are not statistically significant. Age has a minor negative association ($\beta = -0.076$) with financial behavior and it was also not statistically significant. The model explains approximately 48.6% of the variance in financial behavior ($R^2 = 0.486$) and is statistically significant overall ($F = 72.947$, $p < 0.01$) confirming H1.

5. Discussion

The results of hypothesis testing provide valuable insight into the determinants of financial behaviour thereby emphasizing the significant role of financial attitude. Specifically, the findings show that financial attitude positively and significantly affects financial behavior of working women in Haryana. This result aligns with existing literature (Humaira & Sagoro, 2018; Amanah et al., 2016; Mien & Thao, 2015) suggesting that individuals with positive financial attitudes are more likely to engage in responsible financial practices. These practices include budgeting, saving, and making prudent investment decisions, reinforcing the idea that financial attitude serves as a foundational determinant of financial behavior. Further, the significant explanatory power of the model also strengthens the crucial role of financial attitude in predicting financial behavior. Thus, the results confirm the hypothesized relationship (H1) between financial attitude and financial behavior. Moreover, the control variables such as marital status and education show a small positive association with financial behavior but it was not statistically significant in the model. Conversely, age shows a minor negative association with financial behavior although it was also not statistically significant. Overall, the findings affirm the crucial role of financial attitude in predicting financial behavior and underline the significance of financial education and awareness in shaping sound financial decisions, ultimately supporting the financial empowerment of women in developing economies like

India. Such programs could be impactful in empowering women in society to make informed financial decisions independently.

Conclusion

Financial attitude and behavior are interlinked concepts that play a pivotal role in determining how individuals perceive, manage, and utilize their financial resources. The study seeks to explore the interplay between financial attitude and financial behavior of working women in Haryana, India. By delving into this interplay, the study highlights the crucial role of financial attitude in shaping financial behavior. The findings confirm that a positive financial attitude can strongly predict responsible and proactive financial practices such as saving, investing, and budgeting. Women with a positive financial attitude are more prone to indulge in responsible financial behavior. Women with a positive financial attitude reflect confidence, goal orientation, and a focus on long-term financial well-being, which allows them to make informed financial decisions. This highlights the importance of financial literacy programs through various financial education programs particularly focusing on the women section which will help in fostering positive financial attitudes. This will ultimately lead to sustained improvements in financial behavior. Future research could explore the roles of moderating or mediating factors, such as life stage, income stability, cultural context, etc. to better understand their indirect impact on financial behavior. Thus, the study emphasizes the important role of financial attitude in governing financial behavior and offers actionable insights for promoting better financial well-being.

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