FINANCIAL SELF EFFICACY AMOUNG THE EMPLOYEES OF CO-OPERATIVE SOCIETIES IN IDUKKI DISTRICT

Abstract

Financial behaviours become most important parts of everybody's life. Everyone is required to have sufficient skills and knowledge to manage their finances and wealth. The present study examines the financial self-efficacy of employees in co-operatives societies in Idukki district. The study is descriptive in nature. The study uses both secondary as well as primary data. The primary data had been collected from 200 respondents who were selected through multistage random sampling technique. The collected data were analysed by means of simple percentage, one sample t-test and multiple regression. The study observes that PERMA behaviours are good but a considerable number of respondents did not have any financial plan, tax management practices and not taking financial decisions by logical thinking. Majority's financial self-efficacy is good. They will have to go for proper financial plan too. Logical thinking coupled with proper tax management and financial plan will result into good financial self-efficacy. They will have to consider their volume of monthly income, monthly expenditure and buffer savings for meeting emergencies. The rest of the value only to be expended emotionally. As many of the respondents have good PERMA behaviours, they will have to keep such behaviours intact always because these behaviours according to the study have an impact on their financial self-efficacy.

Key words:*financial behaviour, financial self-efficacy, co-operative societies.*

Introduction

Financial behaviours become most important parts of everybody's life. Everyone is required to have sufficient skills and knowledge to manage their finances and wealth (Ari, Ary, & Intan, 2020). Financial wellbeing is about effectively managing one's economic life. People with high financial wellbeing will manage their personal finances well and spend their money wisely (Rath, Harter, & Harter, 2010). As per the social cognitive model of wellbeing, self-efficacy is one of the central constructs associated with life satisfaction. Both general self-efficacy and domain specific self-efficacy have showed significant and positive associations with life satisfaction (Bandura, 1989, Lent et al., 2005; Azizli et al., 2015; Garriott et al., 2015; Paciello et al., 2019). Financial self-efficacy(FSE) refers to one's belief in his or her ability to achieve financial goals (Forbes and Kara, 2010).

Review of Literature

Self-efficacy refers to a feeling of being able to deal with a situation effectively (Bandura, 1977). Higher levels of self-efficacy are expected to produce benefits to individual well-being, especially physical and mental health, through its influence on individuals' behavioural changes (Bandura, 1977, 1982; Gecas, 1989).

Significance of the study

The economy of Idukki district is basically an agrarian economy. The people here normally take their financial decisions based on the financial behaviour of educated ones working at various government, non-government and cooperative sectors. The people have more access to cooperative sectors than other sectors mentioned here. They go to cooperative service societies to avail various financial services of interest. From there, they get various financial support as well as proper guidance on financial matters. In this context, they observe the financial behaviour of the staff there for effective decision making. The financial self-efficacy of the employees in cooperative sector for better quality life style in general and the dependency of general public on these cooperative sector for their financial decision making in particular shows the need and importance of the present study.

Scope of the study

The scope of the study is limited to examine the PERMA factors and its impact on the financial self-efficacy of employees in cooperatives societies and the relationship between financial self-efficacy and demographic variables.

Objectives of the study

1. To examine the impact of PERMA factors on the financial self-efficacy of employees in cooperative societies.
2. To check whether the financial self-efficacy differ according to the demographic variables of the respondents.

Methodology of the study

The study is descriptive in nature. It examines the financial self-efficacy of employees in cooperative societies in Idukki district. the study uses both secondary as well as primary data. The primary data had been collected from 200 respondents who were selected through multistage random sampling technique. The collected data were analysed by means of simple percentage, one sample t-test and multiple regression.

Results and Discussions

The general profile of the respondents is shown in table No.1. It shows that many of the employees working in cooperative society are females and 70 percent of them belong to the age group of 25 to 50 years. Majority is married and almost one third each of them have UG and/or PG as their educational qualification. Majority of them are working in the clerical cader. Half of them earns in between 30000 and 60000 in a month. Most of them spend up to 25000 a month for their living expenses. But only 37 percent of them take spending decision rationally. But many of them have planning with respect to their tax and related matters.

Table 1: General profile of the respondents

Categories		Frequency	Percentage
Gender	Male	90	45
	Female	110	55
Age of the respondents	Up to 25 years	36	18
	25 to 50 years	140	70
	Above 50 years	24	12
Marital status	single	51	
	married	149	
Educational qualification	UG	76	38
	PG	74	37
	Professional course	50	25
Designation	Sub-staff	25	12.5
	Clerical	105	52.5
	Supervisor	42	21
	Chief executive	28	14
Monthly salary	Up to Rs.30000	44	22
	Rs.30000 to 60000	101	50.5
	Rs. 60000 & above	55	27.5
Monthly expenditure	Up to Rs 25000	94	47
	Rs.25000 to 50000	80	40
	Above Rs.50000	26	13
	Rational decision	74	37

Spending nature	Emotional decision	36	18
	Determined decision	43	21.5
	Parent's decision	14	7
	Spouse's decision	33	16.5
Financial planning in terms of tax & other matters	Yes	134	67
	No	66	33

Source: field survey

PERMA Factors and its impact on Financial self-efficacy

Through the review of literature, a beautiful model determining financial self-efficacy viz., PERMA model, has been identified and used in the present study to measure the impact of these PERMA factors on the financial self-efficacy of the employees in the cooperative societies of Idukki district. The PERMA factors are i) positive emotions (satisfaction/happiness/optimistic behaviour), ii) engagement, iii) relationship, iv) Meaning and v) accomplishment. The responses of the respondents were sought in a five- point scale and the responses were analysed in detail. The analysis is as follows:

Optimistic behaviour (positive emotions)

Optimistic behaviour of the respondents is examined by using ten variables. These ten variables were included in the questionnaire and the sample respondents were asked to express their opinion on these ten variables. Thereafter to check whether the optimistic behaviour of the respondents is poor or average or good, one sample t-test is applied. The result is shown in table 2 below:

Ho: the optimistic behaviour of the respondents is moderate

Ha: the optimistic behaviour of the respondents is not moderate.

Table 2: Optimistic behaviour – one sample t-test

	Test value	Mean value	t-value	p-value
Optimistic behaviour	30	38.41	25.836	<0.001**

Source: field survey

From table 2 above it is seen that the mean value (38.41) of the optimistic behaviour is more than the test value (30). Hence it is interpreted that the respondents possess good optimistic behaviour or their optimistic behaviour is high which is significant at one percent level of significance (p-value <0.001**).

93 **Engagement**

94 Engagement of the respondents is examined by using six variables. These six variables were

95 included in the questionnaire and the sample respondents were asked to express their opinion

96 on these six variables. In order to check whether the engagement of the respondents is poor or

97 average or good, one sample t-test is applied. The result is shown in table 2 below:

98   Ho: Engagement the of the respondents is moderate

99   Ha: Engagement the of the respondents is not moderate.

100 Table3: Engagement – one sample t-test

Engagement	Test value	Mean value	t-value	p-value
Engagement	18	19.70	7.914	<0.001**

101 Source: field survey

102 From table above it is seen that the mean value (19.70) of the engagement is more than the

103 test value (18). Hence it is interpreted that the respondents possess good engagement or their

104 engagement is high which is significant at one percent level of significance (p-value

105 <0.001**).

106 **Relationship**

107 Relationship of the respondents is examined by using five variables. These five variables

108 were included in the questionnaire and the sample respondents were asked to express their

109 opinion on these five variables. In order to check whether the relationship of the respondents

110 is poor or average or good, one sample t-test is applied. The result is shown in table 3 below:

111   Ho: The relationship of the respondents is moderate

112   Ha: The relationship of the respondents is not moderate.

113 Table 4: Relationship – one sample t-test

	Test value	Mean value	t-value	p-value
Relationship	15	19.23	20.331	<0.001**

114 Source: field survey

115 From table above it is seen that the mean value (19.23) of the relationship is more than the

116 test value (15). Hence it is interpreted that the respondents possess good relationship or their

117 relationship is high which is significant at one percent level of significance (p-value

118 <0.001**).

119 **Meaning**

120 Meaning of the respondents is examined by using four variables. These four variables were

121 included in the questionnaire and the sample respondents were asked to express their opinion

122 on these four variables. In order to check whether the meaning of the respondents is poor or

123 average or good, one sample t-test is applied. The result is shown in table 4 below:

124   Ho: The meaning of the respondents is moderate

125   Ha: The meaning of the respondents is not moderate.

126 **Table 5: Meaning – one sample t-test**

	Test value	Mean value	t-value	p-value
Meaning	12	15.32	20.992	<0.001**

127 Source: field survey

128 From table above it is seen that the mean value (15.32) of the meaning is more than the test

129 value (12). Hence it is interpreted that the respondents possess good meaning or their

130 meaning is high which is significant at one percent level of significance (p-value <0.001**).

131 **Accomplishment**

132 Accomplishment of the respondents is examined by using five variables. These five variables

133 were included in the questionnaire and the sample respondents were asked to express their

134 opinion on these five variables. In order to check whether the accomplishment of the

135 respondents is poor or average or good, one sample t-test is applied. The result is shown in

136 table 5 below:

137   Ho: The accomplishment of the respondents is moderate

138   Ha: The accomplishment of the respondents is not moderate.

139 Table 6: Accomplishment – one sample t-test

	Test value	Mean value	t-value	p-value
Accomplishment	15	18.24	18.298	<0.001**

140 Source: field survey

141 From table above it is seen that the mean value (18.24) of the accomplishment is more than

142 the test value (15). Hence it is interpreted that the respondents possess good accomplishment

143 or their accomplishment is high which is significant at one percent level of significance (p-

144 value <0.001**).

145 **Personal Financial Behaviour (Financial self-efficacy)**

146 Personal financial behaviour of the respondents is examined by using nine variables. These

147 nine variables were included in the questionnaire and the sample respondents were asked to

148 express their opinion on these nine variables. Thereafter to check whether the personal

149 financial behaviour of the respondents is poor or average or good, one sample t-test is

150 applied. The result is shown in table 6 below:

151 Ho: The personal financial behaviour of the respondents is moderate

152   Ha: The personal financial behaviour of the respondents is not moderate.

153 Table 7: Personal financial behaviour – one sample t-test

	Test value	Mean value	t-value	p-value
Personal financial behaviour	27	33.74	31.214	<0.001**

154 Source: field survey

155 From table above it is seen that the mean value (33.74) of the personal financial behaviour is

156 more than the test value (27). Hence it is interpreted that the respondents have good personal

157 financial behaviour or their personal financial behaviour is high which is significant at one

158 percent level of significance (p-value <0.001**).

159 **PERMA and FSE**

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161 In order to measure the impact of PERMA factors on the Financial Self Efficacy of samples

162 respondents, Multiple regression has been applied. The result is shown in table 8 below:

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164   *Ho: PERMA factors do not have significant impact on the FSE of the respondents*

165   *Ha: PERMA factors have significant impact on the FSE of the respondents.*

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167 **Table 8: Impact of PERMA on FSC – Multiple regression**

R-value	R-Square value	ANOVA		Standardized coefficients (beta)	t-value	p-value
		F-value	P-value			

0.403	0.162	5.231	<0.001**	Optimistic behaviour	**0.206**	**2.330**	**0.021***
				Engagement	0.007	0.086	0.932
				Relationship support	**0.233**	**2.776**	**0.006***
				Meaning	-0.004	-0.047	0.963
				Accomplishment	0.142	1.680	0.095

Source: field survey

Note: ** denotes significant at five percent level of significance

As per table ..above, the relationship between PERMA factors and FSE is 40.3 percent (R-value =0.403). The 16.2 percent variation in FSE is predicted by PERMA factors (R-Square value = 0.162, p-value <0.001**) which is significant at one percent level of significance. Hence, Financial self-efficacy of the respondents is significantly influenced by the PERMA factors (p-value <0.001**, F -value =5.231). Hence the null hypothesis has been rejected. The interpretation is every unit increase in optimistic behaviour of the respondent will lead to 0.206 unit increase in the financial self-efficacy of the respondent (Beta =0.206, t-value =2.330, p-value= 0.021). Every unit increase in the relationship support of the respondents will lead to 0.233 unit increase in the financial self-efficacy of the respondents. Every unit increase in accomplishment will lead to 0.142 unit increase in the financial self-efficacy of the respondents (beta = 0.142). Every unit increase in engagement will lead to 0.007 unit increase in financial self- efficacy of the respondents (beta = 0.007). every unit decrease in meaning will lead to 0.004 unit increase in financial self-efficacy (beta = -0.004). these three factors do not have much influence. The most dominant factors influencing the financial self-efficacy of the respondents are relationship support and optimistic behaviour.

Demographic variables and Financial Self Efficacy

In order to check whether the respondents differ significantly in their financial self efficacy in terms of their demographics, one way analysis of variance is applied. For such purpose three demographic variables is used. The variables are age, economic status and marital status. The result is shown below:

      Ho: the financial self- efficacy of the respondents do not differ significantly according to their demographic characteristics.

      Ha: the financial self- efficacy of the respondents do not differ significantly according to their demographic characteristics.

Table : demographic characteristics and FSE

		mean	F-value	p-value
Age wise	Up to 25 years	34.79	2.833	0.061
	25-50 years	33.41		
	Above 50 years	34.28		
Income wise	Lower income	33.68	0.536	0.586
	Middle income	33.63		
	Upper income	34.27		

Source: field survey

From the above table the p-value of all demographic characteristics is more than 0.05. hence the it is failed to reject the null hypothesis and interpreted that there is no much differences in the financial self-efficacy of the respondents according to their demographic characteristics.

Conclusion

PERMA behaviours are good but a considerable number of respondents did not have any financial plan, tax management practices and not taking financial decisions by logical thinking. Majority's financial self efficacy is good. They will have to go for proper financial plan too. Logical thinking coupled with proper tax management and financial plan will result into good financial self-efficacy. They will have to consider their volume of monthly income, monthly expenditure, buffer savings for meeting emergencies. The rest of the value only to be expended emotionally. As many of the respondents have good PERMA behaviours, they will have to keep such behaviours intact always because these behaviours according to the study have an impact on their financial self-efficacy.

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