

## A FAMILY FINANCIAL MANAGEMENT – A STUDY OF SPENDING HABITS OF BANK EMPLOYEES

**M.Puthurajan**

**(Part-time Ph. D. Scholar)**

**Manager, IDBI Bank, Palani**

**Dr.V.Manohar**

**Associate Professor of Commerce, V.H.N.S.N.College (Autonomous)**

**Virudhunagar**

### INTRODUCTION

Family Financial management is a difficult task for many of the home-runners. Even though the income of some families are sufficient enough, several families find they run out of financial resources and helpless at emergency situations. Proper financial management within the family and maintaining the financial health is essential to be well supplied with economical resources when in need. Many people never consider or foresee the possible future expenses and drain out all the savings and resources for present day life. Ferber (1973)<sup>1</sup> divides the domain of family economic decision making into four segments: money management, saving behavior, asset management, and spending behavior. In the present study we confine our discussion of family financial management to spending behavior.

### RELATED STUDIES

Shahryar Sorooshian and Tan Seng Teck<sup>2</sup> studied the spending behavior of students in Malaysian Universities and found that among the variables studied, the most significant of spending behavior is phone. Most of the students spent more for their gadgets. Data analysis showed that majority of the students does not put to practice correct skill in money management. Spending power in American families is reported to be up to 30% above average (Rubin et al., 1990)<sup>3</sup>, and in such families it is suggested that wives exercise increased influence on purchasing decisions (Hertz,

<sup>1</sup> Ferber, Robert (1973), "Family Decision-Making and Economic Behavior: A Review," in Family Economic Behavior: Problems and Prospects, ed. Eleanor B. Sheldon, Philadelphia: J. B. Lippincott, 25-61.

<sup>2</sup> Shahryar Sorooshian and Tan Seng Teck (2014). Spending Behaviour of a Case of Asian University Students. Asian Social Science; Vol. 10, No. 2. Pp. 64-69

<sup>3</sup> RUBIN, R., B. RINEY, and D. J. MOLINA (1990), "Expenditure Pattern Differentials Between One- Earner and Dual-Earner Households: 1972-1973 and 1984", Journal of Consumer Research. Vol. 17, pp. 43-52.

1992).<sup>4</sup> Abhijeet Birari and Umesh Patil<sup>5</sup> studied the different spending patterns among three groups of the student's i.e. junior college, graduation, and post-graduation level students in Aurangabad city, Maharashtra. It was found that students belonging to different education levels differ significantly in spending in many categories. It was also noted that both the male and female youth have different spending patterns with a slight similarity. Significant portion of their spending goes towards shopping, fast food, mobile phone expenditure, investment and transportation.

Lovingood and Firebaugh (1978)<sup>6</sup> pointed out that money management tasks like "who makes" and "who implements" the decisions predominantly are the joint responsibility of young couples.

Dennis and Donald (1983)<sup>7</sup> stated that financial decisions are more likely to be made by the wife and husband separately when the wife is working for financial reasons. Sex-role attitude and education level are the most important in determining the role structure for the implementation of financial tasks.

Singh (2002)<sup>8</sup> highlighted that at home decisions regarding purchases and investment are taken jointly by both husband and wife. In the matter of making adjustments like looking after the house, cooking, cleaning and caring for children are largely the responsibility of women.

Gupta (2005)<sup>9</sup> reported in her study that the level of women autonomy is very low in India. Women still sought their husband's permission when they want to purchase something for themselves, particularly in northern India. Generally, women are in charge of house management but have little freedom to move out or to be involved in the major decisions of their personal requirements. There is no budget for them. In the lives of women, power to take decisions is in the hands of men.

Bains (2010)<sup>10</sup>, in her research article titled, "Cost of Living Quite High in Ludhiana" published in 'The Tribune' revealed that in many middle class families, most men hand over only a limited fixed sum to their women and expect them to manage the household expenses for the full month without asking for anything more. Under the circumstances, balancing the family budget becomes a wild

<sup>4</sup> HERTZ, R. (1992), "Financial Affairs: Money and Authority in Marriage", in S. Lewis, D. Izraeli, & H. Hootsmans, *The Dual Earner Family in Comparative Perspective*. London: Sage.

<sup>5</sup> Abhijeet Birari and Umesh Patil. (2014). **Spending & Saving Habits of Youth in the City of Aurangabad**. The SIJ Transactions on Industrial, Financial & Business Management (IFBM), Vol. 2, No. 3, Pp.158-165.

<sup>6</sup> Lovingood, Rebecca P.; and Firebaugh, M. Francille (1978), "Household Task Performance Roles of Husbands and Wives", *Home Economics Research Journal*, Vol. 7, September, pp. 20-33.

<sup>7</sup> Dennis, L. Rosen; and Donald, H. Granbois (1983), "Determinants of Role Structure in Family Financial Management", *The Journal of Consumer Research*, Vol. 10, No. 2, September, pp. 253-258.

<sup>8</sup> Singh, Preeti (2002), "Women in the Corporate World in India: Balancing Work and Family Life", Paper Presented and Published as Conference Proceedings, Uppsala University, Sweden, March.

<sup>9</sup> Gupta, Shakuntla (2005), *Women Development in India - A Comparative Study*, Anmol Publications Pvt. Ltd., New Delhi, pp. 90-94, 157.

<sup>10</sup> Bains, Harpreet Kaur (2010), "Cost of Living Quite High in Ludhiana", *The Tribune*, April 17, Chandigarh.

goose chase for the homemakers and it turns out to be an uphill task for them to make both ends meet.

Government of India (2008)<sup>11</sup>, in its National Family Health Survey, reported that married women who work and are paid in cash, ninety-one per cent of them decide how their earning will be spent, either alone or together with their husbands. Only thirty-seven per cent of currently married women in Punjab participate in making all the decisions relating to their own health care, making large household purchases, making household purchases for daily households needs, and visiting their own family or relatives. Eleven per cent of currently married women participate in none of these four decisions. Only twenty-seven per cent of women have some money that they can decide how to use and only fifteen per cent of women have a bank or savings account that they themselves use. Two in five women in Punjab are allowed to go by themselves to the market, to a health facility and to places outside their own community.

### RESEARCH QUESTIONS

The present investigation is an attempt to arrive at an answer to the following questions

1. What are the categories of family expenditure and how much is spent on each category
2. Whether there exist any relationship in spending habits among the nuclear family and joint families of bank employees
3. Who is responsible for spending pattern in the families of Bank employees

### METHODS

Bank employees are white collar people who know all the ways and means of financial management. Hence the present study is aimed at analyzing the spending habits of bank employees with respect to various expenditure like food or livelihood, cosmetics, entertainment, education, medicine etc. In order to elicit information from the bank employees, a questionnaire has been sent to bank employees in Palani. Out of the 50 questionnaires distributed, 32 had responded. The data collected are entered into excel worksheet and simple percentage analysis and Chi-square test are applied.

### DISCUSSIONS AND RESULTS

Among the total 32 respondents, 17 have nuclear family and 15 have joint family. Since Indian family system is now mostly nuclear, the study also resembles the same. The household expenditure is classified into six categories namely Food, cosmetics, entertainment, medicine, education and travel. Since the expenditure for food is found to be ranging from 3000 to more than 5000, the

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<sup>11</sup> Govt. of India (2008), National Family Health Survey (NFHS-3) India, Punjab, 2005-06, International Institute for Population Sciences Deonar, Mumbai, October, pp. 24-25.

expenditure levels for food are categorized as 3000-3500, 3501-4000, 4001-4500, 4501-5000 and above 5000. Similar categorizations were made for other categories of expenditure also.

From the table 1 it is found that less expenditure (3000-3500) for food is more in case of Nuclear families rather than joint families. The reason may be the fact that there may be more members in Joint families than the Nuclear families. At the same time, families who spend 4500-5000 are more in number in case of both Nuclear and joint families. The calculated chi square value is 0.69 which is less than the table value showing that there exists a relationship between the nuclear and joint families with respect to their spending habits.

In general, it is observed that bank employee's families are educated and enjoy a life of hi-style. From the table 2 it is observed that nearly 60 per cent (59.39%) of the bank employees less than Rs.2000/ for cosmetics. Also, the table 3 reveals that 50 per cent of the bank employee's families spend less than Rs.2000/- for entertainment. The inference is that, though the families of bank employees are educated, they are spendthrift (i.e. more calculative in spending since they know financial management).

Medical expenditure has become a major trait in modern families due to their food habits and behavioral aspects. From the table 4, it can be seen that more than 50 per cent of the families spend Rs.4000/- and above for medicine. More than one third of the respondents spend Rs.5000/- and above for medicine. Also it is found that this is more in case of joint families.

Table 5 reveals that more than three fourth of the respondents spend higher amount for education. That is, families spending above Rs.4000/- for education are more in number (37.51%). This indicates that bank employees allocate higher percentage of their income for the education of their children. An analysis of table 6 reveals that Bank employees spend more than Rs.4000/- for travel. This may be due to the fact that bank staff is transferable from one place to another place at least once in three years which result in travelling to meet their parents and relatives.

An interesting fact that is found in table 7 is that the household financial management of the families of bank employees is by the bank employees themselves (i.e. husbands). Only less number of women folk involve in family financial management. The calculated chi-square values are less than the table values in all the cases showing that there exists a relationship between the joint and nuclear families with respect to their spending habits.

## CONCLUSION

Spending behavior has never been stable. It is dynamic and may differ from one generation to another. This study clearly depicts the spending habits of a specific class of families – bank employees. The study shows a clever attitude of the bank employees in their spending habits with

respect to recreation and cosmetics. A difference is observed on the type of families. This study is confined to the families of bank employees only. Further, the study is limited to an analysis of certain categories of major expenditure in families. There is a large scope for further research in this area of study by including various types of expenditures, the income and saving patterns.

**Table 1: Expenditure on Food**

FAMILY	3000-3500	3501-4000	4001-4500	4501-5000	Above 5000	Total
Nuclear	5(15.63)	1(3.13)	2(6.25)	5(15.63)	4(12.50)	17
Joint	3(9.38)	1(3.13)	3(9.38)	4(12.50)	4(12.50)	15
	8	2	5	9	8	32

**Table 1.1: Chi-square test on Expenditure on food by Nuclear and Joint families**

O	E	o-e	(o-e) <sup>2</sup>	n/e
5	4.25	0.75	0.56	0.13
1	1.06	-0.06	0.00	0.00
2	2.66	-0.66	0.43	0.16
5	4.78	0.22	0.05	0.01
4	4.25	-0.25	0.06	0.01
3	3.75	-0.75	0.56	0.15
1	0.94	0.06	0.00	0.00
3	2.34	0.66	0.43	0.18
4	4.22	-0.22	0.05	0.01
4	3.75	0.25	0.06	0.02
				0.69

**d.f = 4. Acceptance at 0.05**

**Table 2: Expenditure on Cosmetics**

FAMILY	below 1000	1000-2000	2001-3000	3001-4000	above 4000	Total
Nuclear	4(12.50)	7(21.88)	4(12.50)	1(3.13)	1(3.13)	17
Joint	5(15.63)	3(9.38)		4(12.50)	3(9.38)	15
	9	10	4	5	4	32

**Table 2.1: Chi-square test on Expenditure on Cosmetics by Nuclear and Joint families**

O	E	o-e	(o-e) <sup>2</sup>	n/e
4	4.78	-0.78	0.61	0.13
7	5.31	1.69	2.85	0.54
4	2.13	1.88	3.52	1.65
1	2.66	-1.66	2.74	1.03
1	2.13	-1.13	1.27	0.60
5	4.22	0.78	0.61	0.14
3	4.69	-1.69	2.85	0.61
0	1.88	-1.88	3.52	1.88
4	2.34	1.66	2.74	1.17
3	1.88	1.13	1.27	0.68
				8.42

**d.f = 4. Acceptance at 0.05**

**Table 3: Expenditure on Entertainment**

FAMILY	below 1000	1000-2000	2001-3000	3001-4000	above 4000	Total
Nuclear	5(15.63)	5(15.63)	2(6.25)	2(6.25)	3(9.38)	17
Joint	3(9.38)	3(9.38)	3(9.38)	4(12.50)	2(6.25)	15
	8	8	5	6	5	32

**Table 3.1: Chi-square test on Expenditure on Entertainment by Nuclear and Joint families**

O	E	o-e	(o-e) <sup>2</sup>	n/e
5	4.25	0.75	0.56	0.13
5	4.25	0.75	0.56	0.13
2	2.66	-0.66	0.43	0.16
2	3.19	-1.19	1.41	0.44
3	2.66	0.34	0.12	0.04
3	3.75	-0.75	0.56	0.15
3	3.75	-0.75	0.56	0.15
3	2.34	0.66	0.43	0.18
4	2.81	1.19	1.41	0.50
2	2.34	-0.34	0.12	0.05
				1.95

**d.f = 4. Acceptance at 0.05**

**Table 4: Expenditure on Medicine**

FAMILY	1000-2000	2001-3000	3001-4000	4001-5000	above 5000	Total
Nuclear		6(18.75)	1(3.13)	4(12.50)	6(18.75)	17
Joint	1(3.13)	3(9.38)	1(3.13)	2(6.25)	8(25.00)	15
	1	9	2	6	14	32

**Table 4.1: Chi-square test on Expenditure on Medicine by Nuclear and Joint families**

O	E	o-e	(o-e) <sup>2</sup>	n/e
0	0.53	-0.53	0.28	0.53
6	4.78	1.22	1.49	0.31
1	1.06	-0.06	0.00	0.00
4	3.19	0.81	0.66	0.21
6	7.44	-1.44	2.07	0.28
1	0.47	0.53	0.28	0.60
3	4.22	-1.22	1.49	0.35
1	0.94	0.06	0.00	0.00
2	2.81	-0.81	0.66	0.23
8	6.56	1.44	2.07	0.31
				2.84

**d.f = 4. Acceptance at 0.05**

**Table 5: Expenditure on Education**

FAMILY	below 1000	1000-2000	2001-3000	3001-4000	above 4000	Total
Nuclear	2(6.25)	4(12.50)	3(9.38)	5(15.63)	3(9.38)	17
Joint		2(6.25)	2(6.25)	2(6.25)	9(28.13)	15
	2	6	5	7	12	32

**Table 5.1: Chi-square test on Expenditure on Education by Nuclear and Joint families**

O	E	o-e	(o-e) <sup>2</sup>	n/e
2	1.06	0.94	0.88	0.83
4	3.19	0.81	0.66	0.21
3	2.66	0.34	0.12	0.04
5	3.72	1.28	1.64	0.44
3	6.38	-3.38	11.39	1.79
0	0.94	-0.94	0.88	0.94
2	2.81	-0.81	0.66	0.23
2	2.34	-0.34	0.12	0.05
2	3.28	-1.28	1.64	0.50
9	5.63	3.38	11.39	2.03
				7.05

**d.f = 4. Acceptance at 0.05**

**Table 6: Expenditure on Travel**

FAMILY	below 2000	2000-3000	3001-4000	4001-5000	above 5000	Total
Nuclear	2(6.25)	3(9.38)	5(15.63)		7(21.88)	17
Joint	2(6.25)	1(3.13)	1(3.13)	4(12.50)	7(21.88)	15
	4	4	6	4	14	32

**Table 6.1: Chi-square test on Expenditure on Cosmetics by Nuclear and Joint families**

O	E	o-e	(o-e) <sup>2</sup>	n/e
2	2.13	-0.13	0.02	0.01
3	2.13	0.88	0.77	0.36
5	3.19	1.81	3.29	1.03
0	2.13	-2.13	4.52	2.13
7	7.44	-0.44	0.19	0.03
2	1.88	0.13	0.02	0.01
1	1.88	-0.88	0.77	0.41
1	2.81	-1.81	3.29	1.17
4	1.88	2.13	4.52	2.41
7	6.56	0.44	0.19	0.03
				7.57

**d.f = 4. Acceptance at 0.05**



**Table 7: Persons responsible for spending**

FAMILY	Husband	Wife	Both and Others	Total
Nuclear	9 (27.13)	4 (12.5)	4 (12.5)	17
Joint	6 (18.75)	3 (9.38)	6 (18.75)	15
	15 (45.88)	7 (21.88)	10 (31.25)	32

**Table 7.1: Chi-square test on persons responsible for spending in Nuclear and Joint families**

O	E	o-e	(o-e) <sup>2</sup>	n/e
9	7.97	1.03	1.06	0.13
4	3.72	0.28	0.08	0.02
4	5.31	-1.31	1.72	0.32
6	7.03	-1.03	1.06	0.15
3	3.28	-0.28	0.08	0.02
6	4.69	1.31	1.72	0.37
				1.02

**d.f = 4. Acceptance at 0.05**

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