

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

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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

- To examine the impact of PERMA factors on the financial self-efficacy of employees in cooperative societies.
- 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 |
| Spending nature | Rational decision | 74 | 37 |
| | 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**).

Engagement

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

Ho: Engagement the of the respondents is moderate

Ha: Engagement the of the respondents is not moderate.

Table 3: Engagement – one sample t-test

| Engagem ent | Test value | Mean value | t-value | p-value |
|----------------|---------------|---------------|---------|----------|
| Engagem ent | 18 | 19.70 | 7.914 | <0.001** |

Source: field survey

From table above it is seen that the mean value (19.70) of the engagement is more than the test value (18). Hence it is interpreted that the respondents possess good engagement or their engagement is high which is significant at one percent level of significance (p-value <0.001**).

Relationship

Relationship of the respondents is examined by using five variables. These five variables were included in the questionnaire and the sample respondents were asked to express their opinion on these five variables. In order to check whether the relationship of the respondents is poor or average or good, one sample t-test is applied. The result is shown in table 3 below:

Ho: The relationship of the respondents is moderate

Ha: The relationship of the respondents is not moderate.

Table 4: Relationship – one sample t-test

| Relations hip | Test value | Mean value | t-value | p-value |
|------------------|---------------|---------------|---------|----------|
| Relations hip | 15 | 19.23 | 20.331 | <0.001** |

Source: field survey

From table above it is seen that the mean value (19.23) of the relationship is more than the test value (15). Hence it is interpreted that the respondents possess good relationship or their relationship is high which is significant at one percent level of significance (p-value <0.001**).

Meaning

Meaning of the respondents is examined by using four variables. These four variables were included in the questionnaire and the sample respondents were asked to express their opinion on these four variables. In order to check whether the meaning of the respondents is poor or average or good, one sample t-test is applied. The result is shown in table 4 below:

Ho: The meaning of the respondents is moderate

Ha: The meaning of the respondents is not moderate.

Table 5: Meaning – one sample t-test

| | Test value | Mean value | t-value | p-value |
|--|---------------|---------------|---------|---------|
|--|---------------|---------------|---------|---------|

| | | | | |
|---------|----|-------|--------|----------|
| Meaning | 12 | 15.32 | 20.992 | <0.001** |
|---------|----|-------|--------|----------|

Source: field survey

From table above it is seen that the mean value (15.32) of the meaning is more than the test value (12). Hence it is interpreted that the respondents possess good meaning or their meaning is high which is significant at one percent level of significance (p-value <0.001**).

Accomplishment

Accomplishment of the respondents is examined by using five variables. These five variables were included in the questionnaire and the sample respondents were asked to express their opinion on these five variables. In order to check whether the accomplishment of the respondents is poor or average or good, one sample t-test is applied. The result is shown in table 5 below:

Ho: The accomplishment of the respondents is moderate

Ha: The accomplishment of the respondents is not moderate.

Table 6: Accomplishment – one sample t-test

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

Source: field survey

From table above it is seen that the mean value (18.24) of the accomplishment is more than the test value (15). Hence it is interpreted that the respondents possess good accomplishment or their accomplishment is high which is significant at one percent level of significance (p-value <0.001**).

Personal Financial Behaviour (Financial self-efficacy)

Personal financial behaviour of the respondents is examined by using nine variables. These nine variables were included in the questionnaire and the sample respondents were asked to express their opinion on these nine variables. Thereafter to check whether the personal financial behaviour of the respondents is poor or average or good, one sample t-test is applied. The result is shown in table 6 below:

Ho: The personal financial behaviour of the respondents is moderate

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

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** |

Source: field survey

From table above it is seen that the mean value (33.74) of the personal financial behaviour is more than the test value (27). Hence it is interpreted that the respondents have good personal financial behaviour or their personal financial behaviour is high which is significant at one percent level of significance (p-value <0.001**).

PERMA and FSE

In order to measure the impact of PERMA factors on the Financial Self Efficacy of samples respondents, Multiple regression has been applied. The result is shown in table 8 below:

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

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

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 | | | | |
| .403 | .162 | 5.231 | 0.001** | Optimistic behaviour | .206 | 2.330 | .021* |
| | | | | Engagement | .007 | .086 | .932 |
| | | | | Relationship support | .233 | .776 | .006* |
| | | | | Meaning | -0.004 | -0.047 | .963 |
| | | | | Accomplishment | .142 | .680 | .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 | Lower income | 33.68 | 0.536 | 0.586 |

| | | | | |
|------|---------------|-------|--|--|
| wise | 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 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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