

Research Article



A Study on the Awareness of Personal Financial Planning Among Pharma Students in Chennai City

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ABSTRACT

An Individual's proper personal financial planning adds value to the growth and safety of an economy. But majority of the individual thinks of their financial goals and plans only after attaining the age of 30 wherein their target objectives require high investment. Inculcating the importance of Personal financial planning among the pharmaceutical students as they are in their earlier age is the need of the hour. This study deals with the financial planning of pharmaceutical college students and it gives a portrait of Student's behaviours and inclination towards their financial planning. This study examines how students view the significance of saving, effective spending, and budgeting; it also examines the opinion on how well their tasks are executed. This study helps to understand the future economical and financial health of our country through the mirrors of students who are tomorrow's potential consumers. The key findings of this study narrates that the pharmaceutical students population is more pessimistic on managing their expenses with respect to their financial inputs. The key route to know about the financial status of any person is by maintaining proper records and through this study it is inferred that majority of students are very much concerned about maintaining their financial records. In the further study 86% of the students check their financial status monthly which illustrates their regular interest towards knowing the financial position.

Keywords: Financial planning, money management, personal finance, Spending, Financial records.

INTRODUCTION

Living a happy, healthy and successful life is achievable if personal finance is managed adequately. In a formatted Balance Sheet the assets to be equal to Liabilities but in an individual personal Balance Sheet it is better the assets are higher than Liabilities including profits.

Learning the management of money keeps the debt under control and help to invest for the future. Earlier the investments better will be the returns.

The financial decisions of an individual include Debt servicing, Budgeting, Insurance, Investment, Savings, and more. It generally involves current financial position analysis and short term and long term predictions. Personal Finance is a technique of individual money management and method of financial resource allocation wherein a family or an individual meet monetary emergencies.

Unfortunately, our curriculum of high school or college, do not include personal finance so the students are left fairly clueless and are lethargic in managing their money when they are pushed independent for the first time in the real world. Inculcating personal finance knowledge is not a hard road, but it is a smooth path when learnt with fascination concerning financial obligations of future in mind. Education on Personal financial planning kick starts the young generation with an interest to make money which could make the economy powerful.

MATERIALS AND METHODS

Review of Literature

"Individual consumers make decisions on consumption and savings based on anticipated lifetime earnings and consumption and not on that year's needs." (Modigliani & Brumberg, 1954)¹. "The contributing factor for the decline in the savings of United states is the rise of social security benefits since pension funds tend to reduce savings." (Attanasio & Brugiavini, 2003)². Bernheim and Garrett (2003) have investigated the differences in savings rate and wealth due to differences in state mandates for financial education by the method of household survey³. They also found that in states the savings rate of students with mandated financial education was 1.5 percent higher than that of the students without mandated financial education. Tennyson and Nguyen (2001) interestingly documented 20 states as having articulated form of policy in the area of personal finance⁴. They tested the school mandates with regard to personal finance on knowledge levels.

Hayhoe (1990) observed that "economic well-being is a perception of individual's satisfaction with their financial situation".

Porter (1990) defined financial well-being as "a sense of one's financial condition and situation that is a base from objective attributes and perceived attributes that are judged against standards of comparison to frame evaluated attributes of that financial situation"⁵. Porter



and Garman (1993) asserted that financial well-being depends upon an individual's perceived objective attributes of the financial situation after comparing and correlating it with certain financial standards of comparison as well as objective and subjective attributes of the financial situation⁶. They assumed financial well-being to be a function of personal characteristics, objective attributes, perceived attributes, and evaluated attributes of the financial domain. Draughn, LeBoeuf, Wozniak, Lawrence, and Welch (1994) discussed economic well-being as consisting of three components: financial adequacy, perceived economic well-being, and satisfaction with living level⁷. Financial adequacy was an objective assessment of adequacy of income to meet overall economic survival. Perceived economic well-being was defined as a subjective assessment of overall economic survival.

Satisfaction with living level reflected the perception of ability to match financial demands for needs. Greninger identified and refined financial ratios by making use of Delphi study in the areas of liquidity, savings, asset allocation, inflation protection, tax burden, housing expenses, and insolvency. Based on the Delphi finding, they proposed a profile of financial well-being for the typical family and individual.

According to their results, financial well-being profiles of savings ratio and insolvency ratio are as follows:

Savings ratio = savings/gross income \geq 10%

Insolvency ratio = non-mortgage debt payments/ after-tax income [\leq 15% reasonable/ \geq 20% danger]

Objectives of the study

- To evaluate the knowledge of the pharmaceutical students with regard to financial planning.

- To classify the pharmaceutical students into groups for the analysis of their financial behavioural pattern.
- To analyze the spending pattern of pharmaceutical students.
- To analyze the investment pattern of pharmaceutical students.
- To access the practice of maintaining financial records and financial planning for education.

Research Methodology

The research design is descriptive in nature. The designed questionnaire were administered among B.Pharm., students attached to top five colleges in Chennai city. The samples were selected by Random sampling method from the list of students attached to top five colleges. Lottery method was adopted in choosing the samples. The Sample size is 100. Data were collected and analysed with the help of Statistical Package for Social Science (SPSS). Statistical test such as Frequency Distribution and Chi-square test were carried out to analyze data.

Limitations of the study

The data were collected from the pharmaceutical students studying with five colleges in Chennai city and hence it addresses students belong to homogeneous group with regard to attitude level wherein the study do not focus on the students of other discipline.

Scope of the study

This study helps to educate students on managing their finance efficiently by controlling the spending and increasing the savings. This study creates awareness among financial control mechanism. This study aims at creating interest towards investment among students.

RESULTS AND DISCUSSION

Data Analysis and Interpretation - Frequency Distribution

Table 1: Classification of respondents based on Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	21	45.7	45.7	45.7
	Female	24	54.3	54.3	100.0
	Total	45	100.0	100.0	

Table 2: Classification of respondents based on Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	16-20	8	19.5	19.5	19.5
	21-25	33	71.6	71.6	91.1
	26-30	3	9.9	9.9	100.0
	Total	46	100.0	100.0	



Table 3: Respondents opinion on stay particulars

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	On Campus	24	55.4	55.4	55.4
	Off Campus Rent	15	35.4	35.4	90.8
	Off Campus Own	2	2.4	2.4	93.2
	Living with Parents/Relatives	4	6.8	6.8	100.0
	Total	45	100.0	100.0	

From the analysis it is concluded that almost 55% of the students irrespective of gender stay in campus.

Table 4: Respondents opinion on frequency of checking financial position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Daily	13	28.9	28.9	28.9
	Weekly	12	26.7	26.7	55.6
	Every 2 Weeks	6	13.3	13.3	68.9
	Monthly	9	20.0	20.0	88.9
	Never	5	11.1	11.1	100.0
	Total	45	100.0	100.0	

From the study it is concluded that almost 89% of the students usually check their financial position at an interval of less than a month.

Table 5: Respondents opinion on ability to manage finance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure at all	7	15.6	15.6	15.6
	Not Too Sure	9	20.0	20.0	35.6
	Somewhat Sure	22	48.9	48.9	84.5
	Very Sure	7	15.6	15.6	100.0
	Total	45	100.0	100.0	

From the study it is concluded that almost 16% of the students are sure about how to manage their own finances.

Table 6: Respondents opinion on maintenance of financial records

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Maintain No Records	21	46.7	46.7	46.7
	Maintain Minimal Records	23	51.1	51.1	97.8
	Maintain Very Detailed Records	1	2.2	2.2	100.0
	Total	45	100.0	100.0	

From the study it is concluded that almost 53% of the students maintain a record about their financial transactions and around 47% of students maintain no records.

Table 7: Respondents opinion on classification of their behaviour on finance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Thrifty	9	20.0	20.2	20.0
	Somewhat Thrifty	12	26.7	26.7	46.7
	Neither Thrifty nor Spending	8	17.8	17.8	64.5
	Somewhat Spending Oriented	8	17.8	17.8	82.3
	Very Spending Oriented	8	17.8	17.8	100.0
	Total	45	100.0	100.0	

From the study it is concluded that many of the students have diversified interest towards thrifty in spending.

Table 8: Analysis of awareness towards personal financial planning among college students

S. No	Particulars	Pearson chi-square value	
		Gender	Age
1	Staying Pattern	0.298	0.762
2	Frequency of checking financial particulars	0.231	0.186
3	Opinion on ability to manage finances	0.762	0.885
4	Opinion on maintaining adequate financial records	0.369	0.511
5	Opinion on importance of knowledge on apartment leases and loan agreements before you sign	0.818	0.914
6	Opinion on interest towards reading or learning about money management	0.058	0.063
7	Opinion towards discuss on money management with friends	0.418	0.018
8	Opinion on maintaining financial records	0.606	0.857
9	Opinion towards financial control	0.565	0.786
10	Knowledge on money spending	0.425	0.019
11	Opinion on describing respondents behaviour on finance planning	0.343	0.049

Chi-Square Analysis (Hypothesis testing)

Analysis of awareness towards personal financial planning among college students

Null-Hypothesis (Ho): Gender of the respondent is independent towards their opinion on the following financial planning behaviour.

Null-Hypothesis (Ho): Age of the respondent is independent towards their opinion on the following financial planning behaviour.

Inference:

If the Pearson Chi-Square Value > Level of significance (.05), Ho is accepted

If the Pearson Chi-Square Value < Level of significance (.05), Ho is rejected

Findings of the Chi-square test are given below:

- (i) Gender of the respondent is independent towards their opinion on staying pattern; opinion on frequency of checking financial particulars; opinion on ability to manage finances; opinion on maintain adequate financial records; opinion towards knowledge on apartment leases and loan agreements before you sign; opinion on interest towards reading or learning about money management; opinion towards discuss on money management with friends; opinion on maintaining financial records; opinion towards financial control; knowledge on money spending and opinion on describing respondents behaviour on finance.
- (ii) Age of the respondent is independent towards their opinion on staying pattern; opinion on frequency of checking financial particulars; opinion on ability to manage finances; opinion on maintain adequate financial records; opinion towards knowledge on apartment leases and loan agreements before you sign; opinion on interest towards reading or learning

about money management; opinion on maintaining financial records and opinion towards financial control.

- (iii) Age of the respondent is not independent towards their opinion towards discuss on money management with friends; knowledge on money spending and opinion on describing respondents behaviour on finance planning.

Findings

- The key finding of this study is that pharmaceutical students are much pessimistic about their savings and budget.
- Very few pharmaceutical students are confident about managing their money.
- High percent of pharmaceutical Students are very much known about the importance of maintaining their financial records and also they maintain it to have control over their expenses and equal percent of students fail to maintain their financial records.
- Pharmaceutical Students are very much keen to learn the money management that help them to make proper financial plan from different sources.
- Most of the Pharmaceutical students are not aware of their expenses and have nil knowledge about where their money is spent.
- Few percent of the pharmaceutical Students are very much satisfied about their finance control.

CONCLUSION

Financial wealth can be conceptualized as a level of financial health. It includes satisfaction level with material stuff and non-material stuff aspects of one's financial situation, perception (or subjective assessment) of stability of finance including adequacy of financial resources, and the objective amount of material stuff and



non-material stuff financial resources that each individual possesses.

Adopting financial planning process from younger age helps to achieve the economic and financial goals and the study emphasis that the financial and economic resources management of an individual needs adequate knowledge on the financial markets, financial instruments, financial products, financial policies etc. Financial Planning is not only to save the money but also to enhance the wealth of an individual. Apart from theoretical knowledge, the individuals should also gain quantitative lessons on financial planning to make better financial plans for future and emergency needs. Though the pharmaceutical students of Chennai city are maintaining financial records, interested in money management, awareness on spending money, financial control etc. they are not optimistic about savings, investment, profit maximisation, wealth enhancing and budgeting.

A curriculum in academics on personal finance education would motivate the students to learn about investments and its importance which will encourage them to invest at their earlier age so that it requires minimum funds for investing and get higher returns at their older age. Finally,

further research can be done in the areas of behavioural finance and communication publicity aspects of financial planning, and many opportunities for further research exists in the area of financial planning theory analysis.

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