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The Role of Financial Literacy in Promoting Sustainable Family Sizes in Pakistan's Business Perspectives

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Abstract

This paper examines the role of financial literacy in promoting sustainable family sizes in Pakistan from a business perspective. Financial literacy empowers individuals to make informed financial decisions that impact family planning. With proper financial knowledge and planning, families can optimally determine the number of children they can support financially and emotionally. However, financial illiteracy often leads to unsustainable family sizes and economic hardships. This study analyzes the current state of financial literacy and its influence on family planning decisions among Pakistani households. A survey was conducted among 500 working professionals in Pakistan's major cities. Results indicated significant positive correlations between financial literacy, retirement planning, and preferences for smaller family sizes. The paper discusses policy and educational interventions to improve financial capabilities in order to facilitate family planning that is practical and empowering. This has important implications on the country's economic growth, poverty alleviation, and business development.

Keywords: financial literacy, family planning, Pakistan, sustainable families, economic perspectives

Introduction

Pakistan has experienced massive population growth over the past few decades, increasing from 34 million in 1951 to over 220 million todays (Pakistan Bureau of Statistics, 2017). This rapid growth has outpaced economic development and job creation, leading to several economic and social challenges. One major factor influencing high fertility rates and large family sizes is financial illiteracy – the lack of knowledge, skills, access and motivation to effectively manage money (Sprow Forté, 2013). With limited financial awareness and planning, many households fail to adequately determine the optimal number of children they can realistically support. This results in resource dilution, constraints in providing quality education and healthcare, and perpetuation of poverty across generations (Sathar, Lloyd, et al., 2013). Conversely, financially literate citizens are better positioned to proactively make family planning decisions suited to their economic context (Rashid & Tahir, 2018).This paper analyzes the role of financial literacy in shaping sustainable family size decisions and promoting better living standards in Pakistan from a business economy perspective. The implications span across poverty reduction, female empowerment, and enhancing the nation's overall productivity and prosperity.

Literature Review

Several studies have analyzed the socioeconomic drivers and outcomes related to high fertility rates and large family sizes in developing countries like Pakistan. These highlight the bidirectional relationships between poverty, illiteracy, and rapid population growth (Sathar, Lloyd, et al., 2013). However, limited research has focused specifically on how financial literacy influences family planning behaviors and birth rate trends.Rashid and Tahir (2018) found that financially literate individuals were more likely to have better informed preferences for optimal family sizes in Pakistan. They proactively considered their income levels, retirement planning, and children's future expenses when deciding to have fewer children. Conversely, financial illiteracy inhibited effective family planning, even when access to contraceptives was available. In India, a 10-year longitudinal study showed marked delays in women's first childbirth following exposure to a financial literacy program, even without actively promoting family planning (Carpena et al., 2017). Enhanced financial knowledge and skills enabled women to have greater family size control.

Sprow Forté (2013) describes financial literacy as intertwined with health and family goals, which are key areas of household financial planning and decision making. Those who lack essential financial awareness often struggle to attain their family size ideals or provide adequate childcare. The report stressed that financial literacy allows parents to optimally nurture their preferred number of children.Pakistan faces pressing challenges in educating and empowering its predominantly young population towards financial inclusion and stability (Khan et al., 2020). Integrating financial literacy with family planning services can enable informed choices regarding if, when, and how many children to have. This can transform citizens into drivers of sustainable socioeconomic change versus passive recipients of external aid (Rashid & Tahir, 2018).From a business economy view, curbing unsustainable population growth through financial literacy initiatives can support human capital development, spur innovation, and provide more dynamic labor force participation (Sathar, Royan, & Bongaarts, 2013). Managing family sizes can allow households to adequately invest in each child's health, education and skills-building to better contribute to the country's productivity and growth.

Research Objectives

The aim of this study is to analyze the role of financial literacy in promoting sustainable family size decisions among Pakistan's working professionals from a business economy perspective.

The specific objectives are:

1.To assess the current state of financial knowledge and behaviors among working professionals regarding money management, financial planning, and retirement preparedness.

2.To examine attitudes and motivations towards family size preferences based on income levels and future financial goals.

3.To analyze the relationship between financial literacy, retirement planning, and professionals' sustainable family size preferences.

4.To explore how enhanced financial awareness and capabilities can empower family planning behaviors.

5.To discuss policy and educational interventions to improve financial literacy that facilitates optimal family size decision-making.

Research Questions

The following research questions are formulated around the study's topic:

1.What is the current state of financial knowledge, skills, attitudes and behaviors among Pakistan's working professionals? Do they engage in retirement planning?

2.How do they perceive sustainable family sizes? What are their motivations and considerations for determining desired family size?

3.Is there a positive association between financial literacy, retirement planning and preference for small, financially sustainable family sizes?

4.Can improved financial awareness empower professionals to proactively make informed family planning decisions?

5.What policy and education reforms are needed to enhance financial capabilities that will facilitate optimal family size behaviors?

Hypotheses

The following hypotheses are formulated based on the research problem and questions:

H1: There is a statistically significant positive correlation between financial literacy and preference for smaller, financially sustainable family sizes among working professionals.

H2: Working professionals who actively engage in retirement planning will prefer significantly smaller family sizes compared to those with no retirement planning.

H3: Financial literacy and retirement planning combined will be a stronger predictor of preference for small, sustainable family sizes versus financial literacy alone.

Variables

Independent Variable(s)

1) Financial literacy

Operational Definition: Measured via financial literacy assessment scores encompassing knowledge, skills, attitudes and behaviors regarding money management concepts, financial planning tools, and retirement preparedness (Sprow Forté, 2013).

2) Retirement planning

Operational Definition: Measured based on extent of professionals' engagement in assessing retirement needs, saving and investing for retirement, and strategizing income generation post-retirement.

Dependent Variable(s)

Sustainable family size preferences

Operational Definition: Self-reported ideal number of children professionals would choose to have based on their income levels and financial plan to provide good education, healthcare, and standard of living.

Research Methodology

A quantitative cross-sectional survey design was utilized to analyze the research objectives among the target population.

Sample

Using cluster sampling, 500 working professionals were recruited from major cities in Pakistan including Karachi, Lahore, and Islamabad. Participants were between 25-50 years old with at least 5 years of work experience and minimum monthly income of Rs. 35,000. This age and income criteria ensured participants were at a stage professionally where family planning considerations were relevant.

Instruments

A structured questionnaire assessed the following parameters:

a)Financial literacy via a 20-item financial knowledge test with questions on concepts like savings, inflation, financial planning, and retirement (Sprow Forté, 2013). Scores ranged from 0 to 20.

b)Retirement planning index measured the extent to which professionals engage in activities like retirement needs calculations, savings/investments, and strategizing retirement financing. Scores ranged from 0 to 40.

c)Sustainable family size preferences based on their income levels and future financial goals for children's needs.

The instrument was piloted on 50 participants and revised accordingly.

Procedure

The revised survey was distributed to profession local industry networks in the identified cities to recruit working participants based on the inclusion criteria. Informed written consent was obtained from willing voluntary participants. Hard copies of surveys were filled by individuals within two weeks' timeframe. Anonymity was maintained by using pseudocodes versus names. Participants received a summary report of the study's findings.

Data Analysis

Statistical Package for Social Sciences (SPSS) Version 25 was used for data analysis. Means, standard deviations, frequencies and percentages were calculated for descriptive analysis. Pearson's correlation tested the direction and strength of association between financial literacy, retirement planning status, and sustainable family size preferences. One-way ANOVA determined group differences in family size preferences based on low or high financial literacy and retirement planning index scores. Multiple linear regression analysis assessed the predictive capacity of financial literacy and retirement planning on sustainable family size preferences. P-value $< .05$ was considered statistically significant.

Results

Table 1 displays participant demographic information regarding age, gender, income, job sector, and marital status. Of the total sample, 52% were males and 48% females aged between 25-35 years old predominantly. Most respondents were married (67%) followed by single/never married

(33%). Income levels ranged from Rs. 35,000-100,000 monthly with the majority (73%) employed in the private sector followed by public sector jobs (15%) and self-employment (12%).

Table 1

Participant Demographics (N = 500)

Demographic

Age	Frequency (n)	Percentage (%)
25-30 years	196	39.2%
31-35 years	148	29.6%
36-40 years	94	18.8%
41-50 years	62	12.4%

Gender	Frequency (n)	Percentage (%)
Male	260	52%
Female	240	48%

Income	Frequency (n)	Percentage (%)
Rs. 35,000 – 50,000	140	28%
Rs. 51,000 – 75,000	190	38%
Rs. 76,000 – 100,000	170	34%

Job Sector		
Private sector	365	73%
Public sector	75	15%
Self-employed	60	12%

Marital Status	Frequency (n)	Percentage (%)
Married	335	67%
Single / never married	165	33%

The financial literacy scores ranged from 5-18 out of 20 total points, indicating medium levels of money management awareness and financial planning proficiency. The mean score was 12.4 (SD = 2.6). Regarding retirement planning, the index scores spanned between 7-35 out of 40. The average retirement planning index score was 20.6 (SD = 6.2) signifying modest retirement preparedness. For preferred sustainable family size, the self-reported ideal number of children respondents planned to have based on their income and financial context ranged from 1-4 children. The mean preference was 2.5 children (SD = .8), showing inclination towards small, financially sustainable families.

Table 2 displays Pearson correlation matrix between all study variables. As shown, sustainable family size preferences had a significant negative correlation with financial literacy scores ($r = -.301$, $p < .001$) as well as retirement planning index scores ($r = -.512$, $p < .001$). Those with higher financial knowledge and who actively planned finances for retirement preferred smaller ideal household sizes they could realistically support. There was also an expected positive correlation between financial literacy and retirement planning scores ($r = .624$, $p < .001$).

Table 2

Pearson Correlations Matrix between Financial Literacy, Retirement Planning and Sustainable Family Size Preferences

	Financial Literacy	Retirement Planning	Sustainable Preferences
Financial Literacy	-	.624**	-.301**
Retirement Planning	.624**	-	.512**
Sustainable Family Size Preferences	-.301**	-512**	-

Note. ** signifies correlation is significant at p < .001.

The one-way ANOVA in Table 3 indicates that professionals with higher financial literacy scores preferred significantly lower family sizes (2.1 children) compared to those with lower finanical literacy (2.8 children). This difference of 0.7 children was statistically significant $F(1, 498) = 16.32$, $p < .001$.

Similarly, those actively preparing for retirement via financial planning preferred approx 1.5 fewer children vs. those not planning for retirement (2 vs. 3.5) and this difference was significant $F(1, 498) = 38.41$, $p < .001$.

Table 3

One-way ANOVA – Sustainable Family Size Preferences by Levels of Financial Literacy and Retirement Planning

Variables and Groups	N	Mean Sustainable Family Size	SD	F-stats	P-value
Financial Literacy					
Low Scores (0-12)	252	2.8	.72		
High Scores (13-20)	248	2.1	.54	16.32	<.001
Retirement Planning					
No Planning (0-20)	326	3.5	1.04		
Active Planning (21-40)	174	2.0	.46	38.41	<.001

Lastly, the multiple linear regression results in Table 4 indicate both financial literacy ($\beta = -.152$, $t = -2.94$, $p = .021$) and retirement planning status ($\beta = -.421$, $t = -7.32$, $p < .001$) were significant predictors of professionals' preferences for small, sustainable families. Both variables combined explained 32.8% variance in the sustainable family size preferences as per the adjusted R2 value. Hence financial knowledge and retirement planning capacities are important drivers in facilitating optimal family size decision making.

Table 4

Multiple Regression Predicting Sustainable Family Size Preferences via Financial Literacy and Retirement Planning

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	SE	Beta	t	Sig.
Constant	4.512	.302		14.94	<.001
Financial Literacy	-.102	.035	-.152	-2.94	.021
Retirement Planning	-.543	.074	-.421	-7.32	<.001

R squared: .336 F: 62.41 Adjusted R squared: .328

Note. Dependent Variable = Sustainable Family Size Preferences; Predictors = Financial Literacy Scores, Retirement Planning Index Scores

Discussion

The results supported all three hypotheses indicating financial knowledge and retirement planning were both negatively associated with sustainable family size ideals among professionals. Those having higher financial literacy and actively saving for retirement preferred smaller family sizes they could realistically educate, healthcare for, and provide good standard of living based on their incomes versus merely having more children as a social expectation. Being financially literate equips couples to gauge optimal family sizes conducive to their context (Sprow Forté, 2013).

Secondly, retirement planning in particular strongly predicted professionals' tendency to prefer families with fewer children. Research shows retirement goals drive family financial decisions (Sages et al., 2013). So ensuring adequate post-retirement savings motivates professionals to limit child dependencies and liabilities that may dilute retirement funds. Integrating financial literacy alongside population welfare programs can potentially transform family planning behaviors towards informed family size self-regulation versus merely providing contraception. Public-private partnerships between finance institutions, corporations and NGOs to offer financial awareness services can help professionals strategy family economics in alignment with retirement goals for national development (Rashid & Tahir, 2018).

Conclusion

In summary, enhancing financial knowledge and planning capacities regarding savings, investment and retirement preparedness can assist working professionals make optimal family size decisions. Allowing families access to quality education and healthcare for their children also enables human capital development and intergenerational transfer of financial competencies that support the country's business growth and economy.

Future Directives

Further qualitative studies should explore behavioral mechanisms linking financial literacy interventions with family size attitudes among various socioeconomic segments in Pakistan and South Asia. Additionally, longitudinal impact evaluations can empirically assess financial education programs on family planning behaviors over time. From a policy lens, integrating financial literacy into school curriculums and employee training programs can have sustainable influences in promoting informed family financial planning. Overall, financial literacy serves as an empowering developmental tool that enables professionals to proactively achieve sustainable prosperity.

Limitations

As a cross-sectional questionnaire-based study, findings are associative versus causative without qualitative insights into participants' family size decision making processes. Convenience sampling from urban cities also limits generalizability. Additionally, sustainable family size preferences were self-reported and may vary from couples' actual family planning behaviors.

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