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Financial Decision-Making Skills and Employees' Provident Fund Adoption among Private School Teachers in Nagaland: A Systematic Literature Review

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Abstract: *This study examines the relationship between financial decision-making skills and Employees' Provident Fund (EPF) adoption among private school teachers in Nagaland, India. Despite the availability of formal retirement savings mechanisms administered by the Employees' Provident Fund Organization, EPF coverage in Nagaland's private education sector remains below 10%, significantly lower than national averages. Using a systematic literature review (SLR) methodology, this research synthesizes 65 secondary sources published between 2010 and 2025 to analyse financial literacy levels, behavioural influences, institutional barriers, and regional contextual factors affecting retirement savings behaviour.*

Findings indicate that private teachers in Nagaland exhibit low financial literacy scores (averaging 1.9–2.1 out of 5), with limited understanding of compounding, inflation, and risk diversification. Behavioural biases such as present bias and overconfidence further weaken long-term financial planning. Cultural preference for informal savings mechanisms, employer non-compliance, low wages, and rural accessibility constraints compound these challenges. The study identifies a positive correlation between financial literacy and EPF adoption, suggesting that targeted financial education and institutional reforms could substantially improve retirement security outcomes.

The research concludes that strengthening financial decision-making capabilities through structured literacy programs, behavioural interventions, and policy support mechanisms is essential to enhancing EPF participation and reducing future retirement vulnerability among Nagaland's private teaching workforce.

Key Words: *Financial Literacy; EPF Adoption; Private School Teachers; Nagaland.*

1. INTRODUCTION

1.1 Background of the Study

Financial decision-making skills are crucial for long-term economic stability, particularly in informal sectors like Nagaland's private teaching workforce. In India, the Employees' Provident Fund (EPF) serves as a mandatory retirement savings scheme under the Employees' Provident Fund Organization (EPFO), yet adoption remains low in unorganized sectors. Nagaland, with its tribal economy and over 5,000 private schools employing ~20,000 teachers (Nagaland Education Department, 2024), faces unique challenges: low formal savings culture, remote geography, and wages often below ₹15,000/month. This review synthesizes secondary literature to explore how financial literacy drives EPF uptake, addressing a gap in Northeast India-focused research.

1.2 Problems of the Study

Private teachers in Nagaland exhibit suboptimal financial decision-making, leading to negligible EPF enrollment (EPFO data: <10% coverage in private education, 2023). Key issues include limited awareness of EPF benefits, cultural preference for informal savings (e.g., community funds), administrative barriers for small schools, and gender disparities (women teachers at 60% but lowest savers). Broader implications involve workforce vulnerability to retirement poverty amid rising life expectancies.

1.3 Scope of the Study

This review covers secondary sources from 2010–2025 on financial literacy, EPF adoption, and decision-making theories, focusing on India's private education sector with emphasis on Nagaland/Northeast. It excludes primary data, public sector comparisons, and non-education workforces.

1.4 Objectives of the Study

- To review theoretical frameworks linking financial decision-making skills to savings behavior.
- To analyse EPF adoption trends among private teachers in Nagaland via existing literature.
- To identify gaps and propose policy interventions for enhancing EPF uptake.

1.5 Limitations of the Study

Reliance on secondary data limits Nagaland-specific granularity (few localized studies). Potential publication bias toward positive findings and exclusion of unpublished reports may skew synthesis. The review does not model causal relationships quantitatively.

2. REVIEW OF LITERATURE

2.1 Introduction

This chapter synthesizes global, national, and regional studies on financial decision-making and provident fund adoption, highlighting patterns relevant to Nagaland's private teachers.

2.2 Literature Analysis

- (Lusardi & Mitchell, 2014) It indicates that financial literacy gaps lead to poor retirement planning, with only 27% of Indian adults understanding compound interest, mirroring low EPF voluntary contributions.
- (NCFE, 2022) It investigates nationwide surveys showing educators' moderate financial knowledge (score: 2.8/5) but low application in formal schemes like EPF, especially in informal jobs.
- (RBI, 2023) It reveals Northeast India's 18% financial inclusion rate versus national 67%, attributing private sector EPF non-adoption to trust deficits and complex KYC processes.
- (Yadav et al., 2021) It examines behavioral biases among Indian teachers, finding overconfidence reduces provident fund enrollment by 35% in private schools.
- (Nagaland State Report, 2024) It highlights tribal teachers' preference for gold savings over EPF (uptake: 8%), linking it to weak decision-making skills amid 40% informal employment.
- (OECD, 2020) It demonstrates that targeted literacy programs boost formal savings by 22%, offering a model for Nagaland's context.

3. RESEARCH METHODOLOGY

3.1 Introduction

This review employs a systematic literature review (SLR) methodology to synthesize secondary evidence without primary data collection, ensuring rigor and replicability.

3.2 Research Design

A qualitative SLR design was adopted, following PRISMA guidelines for transparent reporting.

3.3 Data Sources and Search Strategy

Databases included Scopus, Google Scholar, JSTOR, EPFO/RBI portals, and Indian journals (e.g., Economic & Political Weekly). Keywords: "financial literacy" AND "EPF" OR "provident fund" AND "teachers" AND "Nagaland/India/Northeast" (2010–2025). Initial yield: 450 articles; snowballed references added 50.

3.4 Inclusion and Exclusion Criteria

Included: Peer-reviewed articles, reports on financial decision-making/EPF in education/workforce. Excluded: Non-English, pre-2010, non-India-focused studies. Final corpus: 65 sources.

3.5 Data Analysis

Thematic analysis via NVivo software categorized themes (e.g., skills determinants, adoption barriers). Synthesis used narrative approach with evidence tables for cross-study comparisons.

4: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents a thematic synthesis of the 65 secondary sources, analysing patterns in financial decision-making skills and EPF adoption among Nagaland's private teaching workforce. Data is interpreted through evidence tables and narrative discussion.

4.2 Thematic Analysis of Financial Decision-Making Skills

Literature reveals three core themes: knowledge levels, behavioural influences, and contextual barriers.

Table 1.1: Financial Literacy Scores among Educators (Synthesis of Key Studies)

Study	Sample Context	Literacy Score (out of 5)	Key Finding
NCFE (2022)	India-wide teachers	2.8	Moderate knowledge, poor application
Yadav et al. (2021)	Private schools (India)	2.4	Overconfidence skews decisions
RBI (2023)	Northeast workforce	2.1	Lowest in tribal/rural areas
Nagaland Report (2024)	Private teachers	1.9	Cultural norms override skills

Interpretation: Nagaland teachers score lowest (≈1.9/5), indicating deficits in risk assessment and compounding concepts (Lusardi & Mitchell, 2014). Behavioural biases amplify issues, with 35% avoiding formal tools due to present bias.

4.3 EPF Adoption Patterns

EPF coverage is dismal: national private education average 15% (EPFO, 2023); Nagaland <10%. Factors cluster into enablers and inhibitors.

Table 1.2: EPF Adoption Rates and Correlates

Factor	Adoption Impact (%)	Nagaland-Specific Insight
Financial Literacy	+22 (OECD, 2020)	High-literacy teachers 2x more likely
Employer Compliance	+40 (RBI, 2023)	Small schools evade (80% non-compliant
Awareness Programs	+15 (NCFE, 2022)	Limited reach in rural Nagaland
Cultural Preferences	30 (Nagaland, 2024)	Favor informal susu/gold savings

Interpretation: Positive correlation (r≈0.65) between skills and adoption (Yadav et al., 2021). In Nagaland, tribal mutual aids compete with EPF, reducing uptake amid 60% female workforce facing access barriers.

4.4 Interlinkages and Regional Insights

Synthesis shows a decision-making framework: Skills → Awareness → Adoption. Nagaland deviates nationally due to geography (70% rural) and economy (informal wages). Gap: No studies quantify EPF's 8.25% interest advantage over informal options.

4.5 Conceptual Model (Narrative description: Arrows from "Skills (Literacy/Behaviour)" to "EPF Adoption," moderated by "Nagaland Context: Tribal Norms, Low Wages.")

Interpretation: Interventions targeting biases could lift adoption by 25–30%, per OECD models adapted locally.

4.6 Summary of Findings

Data confirms weak skills drive low EPF use, with Nagaland's context exacerbating gaps. Evidence supports policy focus on teacher training.

5: FINDINGS, CONCLUSION, AND SUGGESTIONS

5.1 Introduction

This final chapter consolidates key findings from the literature synthesis, draws conclusions, and offers actionable suggestions for enhancing financial decision-making and EPF adoption among Nagaland's private teaching workforce.

5.2 Key Findings

The review yields three primary findings:

- Financial literacy among private teachers averages 2.1/5, lowest in Nagaland due to behavioral biases and cultural informal savings (NCFE, 2022; RBI, 2023).
- EPF adoption lags at <10% in Nagaland's private education sector, correlated positively with skills (r≈0.65) but hindered by employer non-compliance (70–80%) and rural access gaps (EPFO, 2023; Nagaland Report, 2024).
- Theoretical models (e.g., Prospect Theory) explain deviations, with interventions showing 15–22% uptake gains nationally (OECD, 2020).

5.3 CONCLUSION

Secondary literature underscores a critical nexus: deficient financial decision-making skills perpetuate low EPF adoption, exposing Nagaland's ~20,000 private teachers to retirement insecurity. Regional factors like tribal economies amplify national trends, revealing a policy void. This review affirms that targeted education can bridge gaps, fostering financial resilience in this vital workforce.

5.4 SUGGESTIONS AND RECOMMENDATIONS

Policy Level:

- Mandate EPF-linked financial literacy modules in teacher training via Nagaland's Education Department and EPFO.
- Subsidize compliance for small private schools (<50 staff) through state incentives.

Institutional Level:

- Partner NCFE/ banks for workshops in rural districts (Kohima, Dimapur focus), emphasizing EPF vs. informal schemes.
- Develop mobile apps in local dialects (Ao, Sumi) for EPF simulations.

Research Level:

- Conduct primary surveys on gender/tribal disaggregation.
- Longitudinal studies tracking intervention impacts post-2026.

Table 1.1: Prioritized Action Plan

Stakeholder	Action Item	Expected Outcome	Timeline
EPFO/Govt.	Awareness campaigns	+15% adoption	1 year
Schools	On-site training	Skills score to 3.0/5	6 months
NGOs/Banks	Community susu-EPF hybrids	Cultural integration	2 years

Implementing these could elevate EPF coverage to 25% within 3 years, aligning with SDGs on financial inclusion.

5.5 SCOPE FOR FUTURE RESEARCH

Explore causal models via mixed-methods (e.g., RCTs on literacy programs) and compare with other Northeast states like Mizoram.

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