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**Grounded theory and the study of retirement savings: A case study
of broadening methods applied to economic research projects**

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Abstract

Recent discussions about economics and ontology, have generated debate about methods that are appropriate for economic research that endeavours to be consistent with critical realism. Grounded theory is one research method that has been identified as potentially relevant but so far it has been used by only a few researchers within the field of economics.

This paper provides a case study of using grounded theory as a research method in an economic research project. The paper consists of four main sections. The first section provides an outline of the key features of grounded theory and the reasons that it might be identified as largely consistent with a critical realist approach to economic research. Grounded theory's approach to theory construction based on data is identified as particularly relevant. The second section consists of a description of the application of grounded theory to a research project examining women's patterns of saving for retirement in Western Australia. This includes a discussion of key aspects of the project including: definition of the research question; identifying and collecting data; analysis; and presentation of findings. The third and fourth sections provide an assessment of some advantages and disadvantages of utilising grounded theory in the context of a broader economic research project.

Two key conclusions are drawn. Firstly, there are considerable challenges to be met when employing grounded theory in an economic research project. These challenges arise from both the history and nature of grounded theory itself and from the relative lack of understanding among many economists and policy makers of the goals and processes involved in grounded theory research projects. Secondly and perhaps more importantly, grounded theory provides a useful way of generating potentially useful insights that are not generally obtained from the more standard array of economic research methods.

Grounded theory and the study of retirement savings: A case study of broadening methods applied in economic research projects

1. Introduction

Recent debates about connections between economic theory and ontological approaches, particularly critical realism, have generated a range of debates. One important aspect of these debates involves the identification of methods that are appropriate for economic research that endeavours to be consistent with critical realism. Grounded theory is one research method that has been identified as potentially relevant to those with an interest in critical realism but so far it has been used by only a few researchers within the field of economics.

This paper provides a case study of using grounded theory as a research method in an economic research project. The paper consists of four main sections. The first section provides an outline of the key features of grounded theory and the reasons that it might be identified as largely consistent with a critical realist approach to economic research. Grounded theory's approach to theory construction based on data is identified as particularly relevant. The second section consists of a description of the application of grounded theory to a research project examining women's patterns of saving for retirement in Western Australia. This includes a discussion of key aspects of the project including: definition of the research question; identifying and collecting data; analysis; and presentation of findings. The third and fourth sections provide an assessment of some advantages and disadvantages of utilising grounded theory in the context of a broader economic research project.

2. Selecting grounded theory as a research method

Research within the context of critical realism requires a mode of inference over and above the usual forms of deductive and inductive logic, which has been explained in the following terms:

It requires a mode of inference that takes us behind the surface phenomena to its causes, or more generally from phenomena lying at one level to causes often lying at a different deeper one. This is retroduction. (Downward & Mearman 2005)

Lawson argues in favour of retroduction as a type of reasoning that provides explanations of the underlying causes of observed phenomenon. While retroduction appears to have some elements in common with induction, that is, moving from observed events to an explanatory theory of those observations, it has a significant distinguishing feature; retroduction is a thought operation that involves moving from knowledge of events to an explanation of their causes. In doing this, the development of theory or causal explanations involves moving between different ontological domains (Lawson 2003:80).

Beyond identifying retroduction as the logical basis for explanation, however, Lawson notes that the appropriate research methods will be determined by the specific context of each research project. Retroduction "does not necessitate that only atomistic accounts be contemplated. Retroductive inference *per se* places no restriction on the sort of explanatory conception that may be uncovered" (Lawson 2003). Thus, while Lawson provides general guidelines as to the philosophical framework in which

research may be conducted, specific research methods must be sought that are appropriate to each project.

Grounded theory has been posited as one particular research method that can allow a retroductive approach to research that is consistent with a critical realist approach. It is a relatively novel research approach within the discipline of economics, although examples exist where it has been applied to studies of firms and behavioural organisation (Finch 2002), Post Keynesian research on pricing (Lee 1998; Lee & Downward 1999) and feminist research on gendered social indicators (Austen, Jefferson & Thein 2003).

Grounded theory was developed by sociologists, and it remains more commonly used within sociology and other areas of business and social research than economics (Glaser 1992; Glaser & Strauss 1967). It was developed:

...as a reaction against the extreme positivism that had permeated most social research.... Glaser and Strauss challenged prevalent assumptions of “grand theory,” the notion that the purpose of social research is to uncover preexisting and universal explanations of social behaviour (Suddaby 2006: 633).

The key feature of grounded theory is that it provides a framework for generating conceptual theory from data. In its initial stages it is an inductive approach to theory generation. In comparison with the more orthodox forms of hypothesis formation and data collection used in economics, grounded theory gives a low priority to *a priori* theorising or relying upon existing theoretical models. Rather it provides a method for moving from the identification of patterns of events to theorising underlying causes for observed events and aims to produce theory with explanatory power. This aspect of the method appears largely consistent with the retroductive approach advocated by Lawson.

It should be noted that the term “grounded theory” has been used to describe some contrasting approaches to theory development. There is disagreement, even among grounded theory’s originators, about its correct application (Glaser 1992). The specific approach adopted in this project was that advocated by Glaser. While Glaser has provided extensive detail on how grounded theory may be applied to an area of research (Glaser 1978,1992,1998,2002,2003; Glaser & Strauss 1967), the key process for moving between data collection, hypothesis formation and theoretical development can be summarised as (Glaser & Holton 2004):

- Identification of an area of interest, or a broad research question, for investigation.
- The collection of data and its almost immediate analysis without the preconception of a definitive hypothesis.
- The comparison of pieces of data and the grouping together of data that has similarities. This process is usually referred to as “coding” and results in the formation of “categories” of data.

- The increasing conceptualisation of data as a project proceeds to allow the development of theoretical codes from which to develop explanations about the relationships between categories of data.
- The identification of a core variable that relates different categories and explains variations and patterns in the data.
- The use of selective coding and delimiting to focus on data and concepts relevant to the core variable and emerging theory.

It should be noted that the key processes outlined above are iterative. Data collection and analysis are undertaken simultaneously, with each part of analysis process informing the direction of future data collection. However, the gradual progression from open coding, to theoretical coding and selective coding reflects the shift from an initially broad research question to a more defined research agenda that is relevant to an emerging theory. Throughout this process the research becomes more focused on specific hypotheses and research questions; this is known as delimiting. The researcher is an active element in this process, making key decisions about which categories of data to focus on and the meaning ascribed to particular categories of data (Suddaby 2006: 638).

3. The Research Project

In 1992 Australia introduced a system of compulsory savings through legislation requiring that employers pay a percentage of employees' earnings to a specific form of savings account. In Australia this is generally referred to as a compulsory occupational superannuation system, although for those in overseas jurisdictions it might be described as a private pension plan. The system is largely based on defined contribution schemes whereby the risks associated with the returns to the funds investment are largely borne by private account holders. It is expected that the funds saved through compulsory occupational superannuation will alleviate budgetary pressures that might arise from increased government outlays on public pensions as Australia's demographic profile ages over coming decades.

The occupational nexus on which Australia's superannuation scheme is based means that the scheme is not gender neutral in its application. Women's broken patterns of employment, together with lower average wages means that they are entitled to lower employer contributions and will accumulate lower life time levels of compulsory superannuation savings.

In Australia and overseas, the increasing policy priority given to private forms of retirement saving such as occupational superannuation has lead to a range of studies examining relationships between gender and patterns of saving. These studies have generated a range of insights into the levels and sources of women's retirement savings and access to resources in later life (summary of Australian literature in Jefferson 2005).

However, a limited number of theoretical approaches have been applied to studies about this subject. Typically they involved one of two broad approaches. The first has

been to conduct to a gender analysis of public policy in a specific jurisdiction and to predict possible scenarios for women as they grow older. The second has been to investigate specific hypotheses developed from a neoclassical lifecycle approach to consumption and savings decisions. A third, emerging area of research has focused on models of household bargaining to gain additional insights. While the approaches used so far pose particular advantages and disadvantages, their limitations mean that significant gaps remain in our understanding of the causes of women's relatively unfavourable access to economic resources in later life. An examination of previous research indicates that our understanding of women's decisions may be extended by utilising research methods that can accommodate the possibilities that:

- Patterns of consumption across a life-time as well as total consumption may be important factors in consumption and savings decisions.
- Monetary income is not the only relevant input of economic resources to households.
- Motivations and decision-making processes as well as wage income may be influential in determining patterns of saving.
- Savings patterns might be determined by networks of constraints rather than the outcome of preferred choices.
- Social institutions can be altered intentionally by human action to change the constraints and choices that define economic decisions.
- Significant aspects of women's lives may be neglected or under-theorised in existing economic models.

The goal of this particular project was to gain a fuller appreciation of the way in which economic, institutional and attitudinal factors operate and interact to influence women's patterns of saving for retirement. In contrast with many previous studies of women's retirement savings, the project was not designed to verify the validity of an existing hypothesis or pursue a narrowly defined research question. In addition, it was hoped to identify whether there are some important issues which are not currently recognised within the literature relevant to women's retirement incomes. The research area in this context was therefore framed as being:

To extend our understanding of Australian women's decisions about saving and retirement within the broad context of the experiences and institutions that inform and constrain those decisions.

Framing the research project in this manner had significant implications for the way data was collected and analysed. These issues are now considered in detail.

Data Collection

Grounded theory is often associated with qualitative research and, in particular, data collection through interviewing. Despite this association, grounded theory can utilise a range of different data, both qualitative and quantitative (Finch 2002; Glaser 1998:42-3; 2003; see also Lee 2002). Within grounded theory, the collection of

specific forms of data is justified by reference to the suitability of data to a specific research question.

The issues examined in this research project were not readily accessible through existing quantitative data collections. The research question involved the discussion of meanings (in particular of what “saving” may mean) and the relating of experiences over time. Issues relating to the complexity and dynamic nature of social structures which may impact on women’s retirement savings decisions were also relevant.

Interviews and conversations which facilitate the collection of detailed qualitative data appeared particularly suited to these questions. While these methods of qualitative data collection are not common place within economics (Jacobsen & Newman 1997), they have been recognised as providing a method of clarifying concepts used in quantitative analysis and for understanding processes underlying economic outcomes (Berik 1997; Pujol 1997). Further, “an obvious way to learn about motives, constraints and the decision-making process is to ask decision makers about them” (Bewley 2002:343). In some cases, rich qualitative data may challenge insights gained by quantitative research by enhancing our understanding of concepts of power, individualism and preference formation (Olmstead 1997). Further, interviews and conversations are consistent with feminist, interpretive research methods as they provide a way of articulating and recording women’s own accounts of their life experiences (Hirschfeld 1997; Oakley 1995). Information about household financial arrangements has been recognised as particularly sensitive and confidential within Australian society and in previous studies this has resulted in a reluctance by participants to openly discuss such issues (Olsberg 1997; Singh 1997). For this reason, individual interviewing, with an emphasis on confidentiality, was adopted as the specific data collection method used in this study.

Interview process

The interviews carried out in this project were semi-structured and relatively informal. This was done so that participants could raise issues important to them and to allow the interview schedule to be adapted to the insights and interests of each participant. Any questions participants had about the project or personal questions of the interviewer were answered. In keeping with previous research on women interviewing women, the communication process was conversational, with the two way nature of information flows acknowledged in the flexible nature of the interview prompts (Hirschfeld 1997; Oakley 1995). This format meant that women who took part in interviews shaped, to varying degrees, the content and structure of their own interviews. For this reason, women who took part in an interview are referred to as “participants” in this research, in preference to terms which imply a more passive role, such as interviewee or subject.

The initial interview schedule was designed following a review of previous research about women’s retirement incomes. It was designed to have two main sections. The first section comprised an initial discussion that covered demographic details such as age, place of birth and marital status and revealed major work and household milestones in the participant’s life experiences such as education, workforce entry and exit, occupation, household formation, child rearing, marriage, divorce and future

expectations in these areas. This discussion was initiated with the question, “Could you give me a five or ten minute version of your life story?” The aim of the discussion was for participants to identify the experiences they perceived as most significant in their life course. In gathering this particular data, the aim was to gain insights into the interactions between different life course events and experiences regarding labour supply, earning an income and savings. Specific questions from the researcher within this section of the interview were confined to matters of clarification of the participant’s story, for example, querying the participant’s age at the time of particular events. The opening question generally put participants at ease with the interview process. In particular, this style of question appeared to make it clear that there were no “right” or “wrong” answers to the question and participants had a high degree of control over the content of their answers. The research topic was also one that participants appeared to feel knowledgeable about and confident answering.

The second section of the discussion focused more specifically on approaches to saving and retirement planning. Again, the goal was to allow for the emergence of issues perceived by the participant as significant and for participants to define the actions they believe constitute savings and retirement planning. Some examples of interview prompts are:

- Can you tell me about how you manage money in your household?
- Can you tell me about your strategies to accumulate savings?
- Can you describe how you keep your savings?
- Can you tell me about things which have made it very difficult or easy to save?
- What thoughts have you had about saving for retirement?
- How do you think you will meet your financial needs in old age?

The above schedule was piloted in a set of three interviews. Initial analysis revealed that the schedule facilitated a relatively free flowing discussion that generated significant, although complex, data relevant to women’s life experiences and their approaches to savings and retirement. It was also found that it was sometimes unnecessary to specifically ask every question, as participants often covered particular issues without prompting. The main finding from the pilot program of interviews was the desirability of ensuring that participants had sufficient time to consider and discuss particular prompts before further questions were asked. It was decided to maintain the initial interview schedule for the remainder of the study.

Interview location

Interviews were held at a location and time which was convenient and comfortable for the participant. Some participants had a strong preference for meeting somewhere ‘neutral’, while others preferred to meet at their own home or to meet at the university campus. This meant that interviews were conducted at private homes, workplaces, coffee shops, a local park or offices at the university.

Payment of participants

At the conclusion of the interview, participants were paid \$40 to compensate them for expenses and inconvenience incurred in attending an interview. This money was made available through funding provided by two state government offices: The Office for Women's Policy and the Office for Senior's Interests and Volunteering, together with funding from the Australian Research Council through a Linkage Project (LP0347060).

Participant recruitment and selection

Using a grounded research approach means that data should be collected within a framework of theoretical sampling rather than through the process of statistical sampling more commonly used in economics. Statistical sampling is used to test or verify existing theory and to make inferences about the extent to which the relationships between identified variables hold in a specified population. In contrast, theoretical sampling is used to establish an iterative process between theory development and data collection. At the outset, identified variables and causal relationships are not defined in grounded theory research. Initial sampling is carried out with the aim of developing themes and categories directly from data. Further sampling is then carried out to facilitate a knowledge of the applicability of these themes and categories to further cases (Finch 2002).

Recruitment was designed to facilitate the collection of data from a heterogeneous sample of participants. This process of selection facilitates the collection of two types of data: high quality case descriptions, which document uniqueness; and common experiences across participants (Morse 1994). Selecting this form of sampling was consistent with the researchers' interest in studying areas of commonality and diversity within a varied population.

In the context of Western Australia, which is a large, culturally and geographically diverse state, some initial "areas of diversity" were identified which could possibly impact on women's motivation and ability to save for retirement. Five areas of diversity were identified: socio-economic background; cultural background; age or stage in the life cycle; geographic location; and attachment to the labour market. However, these identified areas of diversity are not exhaustive and do not include, for example, sexuality and household structure. It was recognised that this meant the data collection process may require modification if it became apparent that insights could be gained from participants with characteristics not identified at the commencement of the research program. In keeping with grounded theory methods, data collection and analysis necessitated flexibility with respect to decisions about the collection of data throughout the project.

Following initial analysis of three pilot interviews, approximately 150 invitations to participate in the research project were distributed in two rounds of approximately 75 invitations each. Invitations were distributed to the parents of children in three classes at two different primary schools attended by children aged approximately between six and 12 years; to parents of children aged between one and four years attending a pre-school playgroup; to members of two community-based multicultural social groups; a social walking/exercise group of women who meet on a weekly basis; and an office which employed a number of women in full time, part time and casual positions. A further two invitations were issued in response to requests from women who contacted the university because they had heard about the research project through

friends or colleagues and wished to participate. The groups were chosen to provide an opportunity for women from diverse socioeconomic backgrounds to participate in the project. The invitation broadly outlined the subject and goals of the research and provided a brief description of the interview process.

An analysis of selected socio-demographic characteristics confirmed diversity in terms of age, occupation, workforce participation, household structure, number of children, marital status and country of birth. Despite this diversity, it is possible to identify some populations that are unrepresented in this sample. For example, there were no participants who identified themselves as being aboriginal and all participants had stable places of residence. This means that it is likely that there are some significant perspectives on saving and retirement that are not represented in this study.

When using grounded theory, adequate theoretical sampling is assessed in terms of whether further data collection no longer yields results which are surprising or providing exceptions to previously developed themes and categories. This is termed “saturation” and implies that there is a limited scope for further understanding to emerge from continued sampling. As noted above, constraints of time and funding meant that the project was completed before saturation was achieved. As demonstrated in the following chapter, some categories contained a great deal of recurring information about experiences and perceptions. In contrast, there were categories that contained relatively small amounts of data. This is discussed throughout the following two chapters.

Ethical considerations

The most significant ethical issue for this project was the need to ensure participant confidentiality. Previous Australian studies of household financial arrangements have demonstrated that participants find the discussion of household money and financial decisions to be a particularly sensitive issue (Edwards 1984; Singh 1997). The ability to collect high quality data in an ethical manner was therefore closely aligned with the need to ensure that data could not be matched with identified participants. However, records of participant names and contact details were required for two reasons: Firstly, to facilitate arrangement of the interview and secondly, to arrange delivery of an interview transcript to the participant for verification and, if necessary, alteration. To facilitate these arrangements, transcripts included a non identifiable code which could be linked to a list held only by the researcher and the project supervisors. This list was a hard copy kept in a locked office cabinet. In addition, any identifying information within the transcript was altered in such a way as to protect the identity of the participant while preserving the meaning of the discussion.

The written invitations informed participants of the objectives of the project and of the intention to record discussions for transcription and analysis. These details were confirmed in writing when interviews were arranged and the written consent of each participant was sought before any interviewing or recording proceeded.

Following analysis of interview data, a summary report outlining the main issues discussed in the interviews was sent to each participant, together with a letter thanking participants for their input in June 2005. All relevant details of the data collection process were described in an application to Curtin University of Technology’s Human

Research Ethics Committee. Approval to proceed with the project was granted prior to the first pilot interview proceeding and continued for the duration of the project.

Data format

It should be noted that Glaser cautions against taping and transcribing interviews as part of the data collection and analysis process and expresses a preference for relying on field notes (Glaser 1998). In this project however, a conscious decision was made to tape and transcribe interviews for two reasons. Firstly, it was felt that taping and transcribing interviews would increase confidence in the data collection process among those assessing funding applications. Secondly, it was decided that this process might increase the confidence of participants in the research. In particular, it was felt that participants should be given a record of the interview and an opportunity to alter and clarify the views that it contained.

The decision to tape and transcribe interviews meant that transcriptions formed the main body of the data analysed in this project. However, after each interview, the researcher completed field notes that, in addition to details about the time and place of the interview, canvassed thoughts about the issues discussed throughout each interview. These memos and others written throughout the project assisted the data analysis process, as described below.

Data Management and Analysis

The interview transcripts and field notes yielded approximately 650 pages of text. This comprised the data set for the project and was managed using N*Vivo software which has been developed specifically to facilitate qualitative data analysis.

Data analysis commenced following the first interview. Upon completion of the first transcript, open coding was commenced by reading through the transcript and noting the various issues and experiences discussed by the participant. It was intended that this process would be repeated for subsequent interviews, with each being transcribed and subject to an analysis before the next interview proceeded. The aim of this process was to implement an iterative approach to data collection and analysis. However, at about the mid-point of the interview schedule, it became impractical to complete transcripts prior to the next interview taking place. This occurred because of the constraints of accommodating the wishes of participants with respect to the timing of their interview. Most participants wished for, or expected, their interview to be held reasonably soon after posting their reply. At various times during the project, there were up to six interviews to be transcribed when subsequent interviews were held.

A conscious decision was made to allow taped interviews to accumulate in preference to spacing interviews to accommodate the requirements of the researcher. Many of the participants' lives were busy and it became apparent that the capacity and willingness of people to participate in the project could change quite quickly. For example, one participant experienced an accident that required her to undergo extensive medical treatment and this resulted in her withdrawal from the project. Some other participants were pregnant and it suited them to have their interviews scheduled prior to the birth of their baby. Other significant examples of changes in participants' circumstances included the death of a parent (in the case of two participants), moving house and an impending marriage and holiday.

Within these constraints, analysis of each interview transcript continued alongside the data collection process. Analysis commenced with the generation of categories from the transcript data. This was done through a process of open coding. Open coding proceeds by developing categories of different data, for example by grouping together all participants' comments about allocating to children's savings accounts, but it does not assign priority to specific categories, nor define relationships between them (Dey 1999; Finch 2002; Glaser 1992; Miles & Huberman 1994).

In developing categories of data, priority was given to Glaser's guidelines that data "be closely examined and compared for similarities and differences, while constantly asking of the data the neutral question "What category or property of a category does this incident indicate?" (Glaser 1992:39, emphasis in original). Throughout this process it was recognised that categorisation involves an interpretation and conceptualisation of the data by the researcher (Dey 1999:252-260; Finch 2002:202). However, the intention throughout the initial analysis was to focus on the content of participants' comments and to develop a system of categories that reflected their experiences and perceptions relevant to savings and retirement. That is, to develop "data driven" categories (see also Lee 2002:794-5; Richards & Richards 1995:80).

While the development of categories requires interpretation and conceptualisation by the researcher (Dey 1999), interpretation of data became even more apparent when categories that dealt with similar issues were grouped together to assist analysis. There are several different terminologies that describe the grouping of categories of data. For example, Glaser uses the terms "concepts", "properties" and "categories" (Glaser 1992:38). Within the context of N*Vivo software, different levels of grouping are referred to as "nodes" or "trees". Other terminology exists, such as "children", "siblings", "trees" and "roots" (Richards & Richards 1995). For the purposes of analysis in this project, groupings of categories were labelled "constructs", reflecting the active role of the researcher in identifying specific categories as related and then constructing labels, to group them together. This part of the process reflected the theoretical coding described by Glaser. During this part of analysis there was relatively less use of computer aided data management. Instead, memos and field notes were utilised and more memos generated, as possible constructs were considered. The development of constructs continued simultaneously with the process of writing drafts of the research findings, as the writing process also provided an opportunity to consider and assess different possible constructs.

Finally, different constructs were grouped together into broad concepts. This represented another level of abstraction and interpretation. Three broad concepts were developed in order to develop a theoretical discussion from the collected data. A detailed description of the concepts, constructs and categories generated from the data and used as the basis for organisation and theorising is given in the following chapter.

Criteria for assessing causal explanations

A final part of the research design for this project was the need to specify criteria that could be used to assess the adequacy of the data collection and analysis process. This important issue poses some challenges because appropriate criteria for assessing the outcomes from grounded theory research method are rarely discussed in economic literature. As grounded theory is not a process of theory verification and uses a process of theoretical sampling, the adequacy of data collection and analysis cannot

be based on “traditional” assessments such as the representative aspects of the data or relationships between data and hypotheses. For the purposes of this project, criteria were developed using arguments from Downward, Finch and Ramsay (1999) and Runde (1998).

An overview of the project findings

When the data had been categorised and conceptualised into a relatively integrated framework, the stories that emerged about women’s savings were considerably more detailed than the stories typically told through orthodox economic modelling. This, of course, was not particularly surprising, given the contrast between the relevant research methods. As explained above, part of the rationale for this project was the wish to investigate the types of issues that might be omitted from current analyses. A key area of interest, therefore, was to compare and contrast the findings from the project with existing models of savings decisions.

It was clear that some of the transcript data was relevant to economics’ frequently modelled intertemporal choice problem: the difficulty of choosing between consumption now and consumption later (Deaton 1992). In addition, there were categories of data that appeared relevant to hyperbolic discounting, dynamic preference modelling (see for example Angeletos, Laibson, Repetto, Tobacmann & Weinberg 2001; Laibson 1997,1998) and procrastination and retirement planning decisions (O’Donoghue & Rabin 1999a,b,2001). However, while these approaches appear to have some overlap with the data collected in this study, their focus on individual decisions, transactions costs and changing preferences, meant that their explanations of saving behaviour omitted some significant aspects of the findings from in this study.

One of the main contrasts between previous accounts of retirement savings decisions lay in the relative emphasis given to individual decisions based on expected outcomes. The data collected in this project suggest that the social contexts in which women make decisions about retirement savings have important effects on the decision-making processes that are used and ultimately, on the types of decisions made. In comparison, there was relatively little emphasis given to specific, planned outcomes for accessing income in later life.

Participants described a number of financial routines that had become established within their households and assisted with the ongoing need to allocate income to specific purposes. The routines ranged from processes which allowed little role for saving, to those which allowed for saving from “residual” income, to those that prioritised saving through the use of special accounts. Throughout the descriptions of allocating income to expenditure or savings however, participants described their use of routines which prevented the need for overt, regular decision-making.

One of the striking features of many transcripts was the lack of a link between current savings actions and identifiable, long term plans for accessing income in retirement. There was little in the data to suggest that eventual retirement income was estimated, that different investment vehicles were considered in detail or that varying outcomes for retirement were considered. Rather, most data appeared relevant to the establishment of routines that negated the need for regular, active decision-making. In this context, buying housing was seen as a particularly desirable strategy: regular

payments are required, everyone else does it and it is familiar – most people know what a house is and what some of its benefits are. Housing was also viewed as a particularly safe investment, with one participant saying: “they do say as safe as houses.

In short, the study found that women’s relatively low independent retirement savings are the result of two levels of contributing causal factors. At an ‘intermediate’ level it can be argued that women’s relatively low levels of independent retirement savings are caused by both their limited access to independent incomes and household decision-making processes that reproduce traditional savings patterns. These findings are largely in keeping with the insights generated from previous studies of women’s savings and retirement incomes, as outlined above.

However, the depth and richness of qualitative data meant that previously identified “intermediate” causes of women’s patterns of savings were linked with a number of other factors, including, including:

- The complexity associated with long-term planning, joint decision-making and retirement savings options;
- Gender norms of workforce participation and household resource allocation;
- A context of emotions that frame and limit options that are included within household decision-making processes;
- Bounded rationality; and
- Interactions between individuals, particularly household members and the effects this has on preference.

The main area of contrast between this study and the insights from previous studies was the range of issues that were relevant to household decision-making processes, particularly those issues that extended beyond those of gender differences in market wages and life expectancies. Further, it was found that the current institutional context facilitates the continued implementation of traditional decision-making routines that are likely to contribute to continued suboptimal outcomes associated with under-saving.

It was theorised that the causal mechanism underlying women’s low, and potentially suboptimal, retirement savings is a process consisting of two steps. Firstly, specific features of women’s decision-making contexts facilitate the development of decision-making routines or compromises. Secondly, those routines involve the development of processes which give inadequate attention to their likely outcomes, particularly those outcomes which affect women’s capacity to access economic resources in retirement. This does not mean that all savings decisions will be inadequate to meet individual retirement needs. Particular individuals or households may have sufficient foresight and skills to address the challenges of the current decision-making context. The argument is that the current context of retirement planning systematically accommodates the implementation of suboptimal decisions, not that it necessitates them.

The key features of the decision-making framework conceptualised in this chapter are listed below in Table 1. The first column lists labels developed to describe key features of women’s financial decision-making context. The second column provides some details of the identified features of that context. The third column lists the implications of these features and summarises why implications may apply differently to women as a population group, compared with men. That is, in addition to hypothesising that the existing retirement incomes framework facilitates under-saving, it is also argued that it is not gender neutral in its implications and this provides some insights into the different savings patterns observed between men and women. Particular features of the decision-making context that accommodate under-saving for retirement are overcome through mandatory schemes such as occupational superannuation. Women are disproportionately represented in the population that falls outside of Australia’s current compulsory savings scheme.

The implication of these causal relationships is that women’s lower retirement incomes result from multiple causes rather than a simple relationship between low earnings and savings. For example, the complexity of forming expectations about life-time income is greater for women because of greater heterogeneity in patterns of workforce participations. Similarly, gender norms of care have implications for household’s financial priorities and organisation.

It should be recognised that heterogeneity in the population of men and women means that the contextual features summarised in this table may apply differently to specific individuals. For example, a single woman with relatively high earnings, familiarity with investment decisions and a relatively high focus on retirement outcomes might be expected to have adequate access to savings to finance retirement. Similarly, a married man with broken patterns of employment and relatively little knowledge of savings and investment options may be expected to experience poor outcomes in retirement. The gender implications of the savings context do not depend on intrinsic differences between men and women. Rather they result from structural differences, as a group, in men’s and women’s patterns of workforce participation, access to information and adherence to gender norms.

Table 1: Suboptimal savings contexts and some gender implications

Contextual feature	Details of this feature	Possible links to gender implications of savings framework
Complexity	Unpredictable earnings and access to household income	Women earn lower earnings and have relatively heterogenous earnings patterns. This may be exacerbated by incomplete pooling of household resources
	Complex investment framework	Equally applicable to men and women but circumvented when there is an entitlement to superannuation. This applies more commonly to men.
	Joint decision-making processes	As above. Further, women’s influence on decision-making may be further reduced through low individual income.
Emotional aspects	Fear of future events	Equally applicable to men and women. However, women’s longer life expectancies mean that they are more likely to face a future on their own.

	Decisions framed to prioritise needs of others, especially children	Equally applicable to men and women. However, this is circumvented by access to compulsory superannuation. Gender norms appear to operate in combination with emotions to give low priority to women's independent savings.
Gender and social norms	Limits on workforce participation Low priority on independent saving Relevance of peer groups on financial decisions.	Highly relevant to women who undertake a larger share of unpaid work. May be equally applicable to men and women. However, "breadwinner" approaches to household saving may prioritise men's savings. Compulsory superannuation also circumvents this issue. Equally applicable to men and women.
Bounded rationality	Financial skills not commensurate with demands of decision-making context	Equally applicable to men and women. If skills are enhanced through workplace information/training then this may apply especially to women.
Linked individuals	Difficulty in isolating individual needs from those of others	Equally applicable to men and women.

The development of the theoretical framework outlined in Table1, which accommodates the possibility that the operation of constraints may differ between individuals, means that while specific constraints may facilitate the implementation of suboptimal saving strategies, they do not necessitate it. It remains possible for individuals to save adequately within this framework, although this may be a more challenging process than would be the case in alternative frameworks. Finally, the framework in Table 1 is relatively amenable to alteration to reflect insights from additional data or future research. It is intended as one way of identifying causes of under-saving and the different implications they have for men and women, however, it is unlikely to be definitive.

The conclusion of the study was that the combination of recent changes in Australia's retirement income framework based on private savings decisions by households gives rise to a situation where women's retirement incomes appear likely to remain inadequate and suboptimal. The term "suboptimal" in this context is used to describe savings that are below the level that a decision-maker would prefer if they were able to form reasonable expectations about the likely outcomes of their savings decisions. It does not refer merely to the fact that there may be a reduction in consumption after retirement because this may have been foreseen and accepted.

4. Some disadvantages of using grounded theory

The focus of grounded theory on the generation of new theory has been identified as problematic in some circumstances. For practical reasons, particularly those concerned with time and funding, it is not always possible to continue collecting further data until "saturation" of a specific category occurs (Glaser & Strauss 1967; Morse 1994). Saturation is a term that is linked with grounded theory's use of theoretical rather than statistical sampling. In brief, it refers to a point in the data collection process where no new or surprising categories of data are emerging. This,

in turn, means that the theoretical explanations generated through the theory development process apply to a wide range of relevant data. Without saturation, it is difficult to confidently put forward a theory that will adequately explain all relevant aspects of a research question and generate generaliseable research findings.

Limits on specific projects, such as limited time and funding, mean that the outcomes of a particular study may result in contributions that fall short of the development of a new theory. This has led to an examination of the potential uses of grounded theory in contexts where such limitations are likely to exist. Finch suggests that an iterative process of data collection and hypothesis formation allows the emergence “novel contributions to knowledge” which can extend existing theory and be incorporated into future research projects (Finch 2002). This approach is consistent with the view that theory construction is part of an ongoing process rather than an activity which allows formation of a finished product (Glaser & Strauss 1967). That is, while the goal of research projects using grounded theory is to construct new theory, it is unlikely that a project with specified time and resources constraints will generate an all encompassing theory of savings (or any other social phenomenon). Such constraints apply to the context of this research. However, within these constraints, it may be possible to produce insights or “novel knowledge claims” (Finch 2002) which extend or challenge current theoretical constructs.

It is unlikely that saturation was reached in this project. There were a range of categories with relatively few data and it appeared likely that ongoing data collection could generate additional insights. Prior commitments to funding bodies and budgetary constraints made the data collection process relatively constrained. The originally projected twenty interviews were increased to thirty during the life of the project and this facilitated the collection of further data. However, there was little capacity to change direction and for example, implement a survey based on the qualitative research findings. These are not necessarily difficulties with grounded theory but they are challenges within research project guidelines that are based on the assumption that research will test specific hypothesis and have predetermined data collection goals and guidelines.

A further, and related point, relates to the satisfaction of funding research partners with the outcomes of a project such as this. In the case of this particular project, the personnel involved in the original funding application were closely involved with the design of the project and had a reasonably clear understanding of the project’s likely outputs. However, there were changes in personnel at the relevant State Government offices over the life of the project. At the conclusion of the project there was some degree by at least one official about the research methods were used (non representative sample for example). Such challenges appear closely related to the extent to which a researcher’s interpretation of data clearly shapes data interpretation and analysis. For those familiar with grounded theory this isn’t seen as a particularly problem:

Successful grounded theory has a clear creative component. Glaser and Strauss were aware of this component and the tension it would create with those who find comfort in trusting an algorithm to produce results.... Those new to grounded theory research must become both patient and tolerant of ambiguity, because it is the ongoing interaction between researcher and data

that generates the fundament of successful grounded research (Suddaby 2006: 638).

While these issues can be addressed, they do illustrate that the relatively lack of familiarity among research partners can lead to concerns that may not arise when more conventional or familiar research methods are employed.

A similar point can be made with respect to discussions about the findings of this project with colleagues in economics departments. A lack of familiarity with methodological debates, particularly discussions taking place within heterodox schools of thought can lead to varying degrees of confusion among colleagues as to why this type of research should be undertaken. At the same time, however, it does provide an opportunity for discussing the design of research design. This can be both challenging and rewarding. However, the experience of this project suggests that some of the more rewarding comments and questions may arrive several days or weeks after the initial presentation of findings.

5. Some advantages of adopting a grounded theory approach

In the context of this project, however, grounded theory also offered several advantages. Firstly, it provided some indication that some significant aspects of women's experiences with respect to savings strategies remain under-theorised and that there are difficulties with only applying existing theoretical constructs in a manner that can potentially extend our understanding of processes and events relevant to women's savings decisions. As a process of theory development, grounded theory offered one way of generating new insights into this subject. The process allowed for novel categories of data to emerge during the data collection process and for potentially new causal processes to be theorised.

The findings from this project were interesting for at least two reasons. Firstly, as outlined above, they indicated that there are some factors unrelated directly to women's relatively lower levels of earnings and relatively higher life expectancies could be systematically relevant to their levels of retirement savings. Secondly, however, the study provided a mechanism for the identification of a range of existing economic literature that could potentially provide further insights into women's patterns of saving and relatively low access to resources in later life.

For example, while these findings were developed directly from the data, they were consistent with existing literature, identified following the data collection and analysis processes, that link specific decision-making processes, particularly habits and rules, with contextual features such as uncertainty, complexity, extensiveness and emotions. The importance of these links is that, while not previously applied to studies of women's savings, there is a large literature suggesting that a complex institutional or regulatory context encourages the use of decision-making "short cuts" or "habits" that may not necessarily allow for optimal outcomes (Davidson 1987; Hodgson 1997). The development "mental accounts" and the non-fungibility of household resources might be particularly relevant in this context and while these concept has been applied to various areas of financial decision-making they have rarely been used with respect to women's savings decisions (some interesting examples of applying these concepts to economic research are provided by McGraw, Tetlock & Kristel 2003; Winnett & Lewis 1995). Further, in contexts where emotions are important, decisions will be

framed in such a way that particular options may not be considered (Elster 1996,1998; Nelson 2003). This might be particularly relevant to the context of household decision-making although it as an area of economic theory remains largely undeveloped.

Perhaps not surprisingly, the findings were also consistent with a range of international studies that identify gender norms as significant in the management of household resources (Edwards 1984; Pahl 1989,1995; Singh 1997; Vogler 1998; Vogler & Pahl 1994). Similarly, there are diverse approaches to showing the difficulty of separating financial decisions from the relationships in which they take place (Ingham 1999; Nelson 1994; Zelizer 1994a,b,2000). This suggests that while differences in income are one important cause of differences in women's and men's levels of savings, it is also possible that different gender expectations about the financial decisions and roles played by men and women could play an important role. This might be an avenue for investigation that sheds further light on apparent differences in risk aversion that have been noted in some literature from the United States, as discussed above.

The above list of potentially relevant studies and theoretical approaches not yet applied to women's approaches to saving for retirement could be extended. However, the main point is that a relatively small qualitative study can provide the impetus for identifying potentially relevant empirical and theoretical approaches that already exist within the large body of economic literature that is available to researchers. Such approaches can be compared against the small amount of data collected in the qualitative approach and assessed for their potential application and explanatory power to specific questions that have been identified as particularly relevant.

In summary, adopting a research method, such as grounded theory, that contrasts with previous studies that address a particular economic research question can have at least two types of benefit. The first relates to the wide range of data and explanation that can be used to gain insights into a particular research question. A second benefit is the capacity for "new" findings to be the source of developing links with theoretical and applied investigations in other subject areas of economics. In a discipline as varied and large as economics this can provide a relatively efficient way of identifying potentially relevant research methods and insights that might not have appeared immediately relevant to a specific research topic.

6. Conclusion

Two key conclusions might be drawn from this example of using grounded theory to address an economic research project. Firstly, there are considerable challenges to be met when employing grounded theory in an economic research project. These challenges arise from both the history and nature of grounded theory itself and from the relative lack of understanding among many economists of the goals and processes involved in grounded theory research projects. These challenges are not insurmountable but they can be considerable and often go the question of the extent to which specific institutional practices such as funding guidelines, presuppose a commitment to particular approaches to research. Secondly, and perhaps more importantly, grounded theory can provide a useful way of generating potentially useful insights that are not generally obtained from the more standard array of economic research methods. As such it might be viewed as one method that can

contribute to the plurality of approaches that can be utilised to gain insights in to the causal mechanisms that generate our observations about our economic environment.

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