



International Journal of Engineering, Science and Humanities

An international peer reviewed, refereed, open-access journal
Impact Factor 8.3 www.ijesh.com ISSN: 2250-3552

An Empirical Study of Financial Behaviour and Investment Decisions among Working Women

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Abstract

This study focuses on understanding the financial behaviour and investment decisions of working women. In recent years, more women are joining the workforce and becoming financially independent. Because of this, their role in saving and investment planning has become very important. The study mainly examines how different factors such as financial knowledge, risk-taking ability, income level, and personal behaviour influence the investment decisions of working women. For this purpose, primary data was collected through a structured questionnaire from working women. Simple statistical tools were used to analyse the data and understand the relationship between financial behaviour and investment decisions. The results show that most working women prefer safe and secure investment options. Their decisions are also influenced by financial awareness, emotions, and social factors like family and peers. The study suggests that improving financial literacy among women can help them make better and more confident investment decisions.

Keywords: Financial Behaviour, Investment Decisions, Working Women, Financial Literacy, Risk Perception, Behavioural Finance

Introduction

In today's modern economy, the role of women has changed significantly. Earlier, women were mainly involved in household responsibilities, but now they are actively participating in the workforce and contributing to the economy. With increasing education levels, employment opportunities, and awareness, many women have become financially independent. This financial independence has also increased their involvement in saving and investment activities. As a result, understanding the financial behaviour of working women has become an important area of research.

Financial behaviour refers to how individuals manage their money, including their saving habits, spending patterns, and investment decisions. It reflects the way people plan their finances, take risks, and choose different financial instruments. For working women, financial behaviour is influenced by multiple factors such as income level, education, family background, and personal



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experiences. These factors together shape their approach towards managing money and making investment decisions (**Lusardi & Mitchell, 2014**).

One important aspect of financial behaviour is investment decision-making. Investment decisions involve selecting suitable financial options such as bank deposits, insurance, mutual funds, shares, gold, or real estate. These decisions are not always purely logical or based only on financial returns. In many cases, they are influenced by emotions, beliefs, and psychological factors. This concept is explained in behavioural finance, which studies how human behaviour affects financial decisions. According to behavioural finance theory, individuals often make decisions based on fear, overconfidence, or social influence rather than complete rational analysis (**Kahneman & Tversky, 1979**).

In the case of working women, financial behaviour is often different compared to men. Studies have shown that women are generally more careful and risk-averse when it comes to investment decisions. They prefer safe and stable investment options that provide security and assured returns. For example, many women prefer fixed deposits, gold, insurance policies, and public provident fund (PPF) instead of high-risk options like the stock market. This cautious approach is mainly due to their concern for financial security and future stability (**Barber & Odean, 2001**).

Another important factor influencing financial behaviour is financial literacy. Financial literacy means having knowledge and understanding of financial concepts such as savings, investments, interest rates, and risk diversification. Women with higher financial literacy are more confident in making investment decisions and are more likely to explore different investment options. On the other hand, lack of financial knowledge can limit their ability to take informed decisions and may result in low participation in modern financial markets (**OECD, 2020**).

Apart from financial literacy, risk perception also plays a major role in shaping investment behaviour. Risk perception refers to how an individual understands and evaluates the risk involved in an investment. Working women often perceive higher risk in investments like equities or mutual funds and therefore avoid them. Instead, they choose safer options even if the returns are lower. This behaviour reflects a preference for capital protection rather than high returns. Such risk-averse behaviour is common among women investors across different regions (**Byrnes, Miller & Schafer, 1999**). Social and cultural factors also influence the financial behaviour of working women. In many families, financial decisions are still influenced by male members or elders. Even if women are earning, they may depend on family members for major investment decisions. Additionally, peer influence, social norms, and cultural values can affect their financial choices. For example, investing in gold is often preferred due to traditional beliefs and social acceptance in Indian households.



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Another important aspect is the dual responsibility of working women. They not only manage their professional work but also take care of household duties and family responsibilities. This dual role affects their financial priorities and decision-making. Many working women focus on securing their family's future, children's education, and emergency savings. As a result, their investment decisions are more conservative and goal-oriented rather than profit-oriented. Income level is also a key factor that affects financial behaviour. Women with higher income levels have more opportunities to invest in a variety of financial instruments. They are more likely to diversify their investments and take calculated risks. On the other hand, women with lower income levels may prefer traditional savings options due to limited financial resources and fear of loss. Education level also plays a similar role, as educated women are more aware of financial products and investment opportunities. In recent years, the development of digital technology and financial services has also influenced investment behaviour. Online banking, mobile applications, and digital investment platforms have made it easier for women to access financial information and invest independently. However, the adoption of such technologies depends on digital literacy and confidence levels.

While younger women are more comfortable using digital platforms, others may still hesitate due to lack of knowledge or trust. Understanding the financial behaviour of working women is important for several reasons. Firstly, it helps in promoting financial inclusion and empowering women to take independent financial decisions. Secondly, it contributes to economic growth by increasing participation in financial markets. Thirdly, it helps policymakers and financial institutions design better financial products and awareness programs targeted at women. This study aims to analyse the financial behaviour and investment decisions of working women. It focuses on identifying the key factors that influence their financial choices, such as financial literacy, risk perception, income, and social influences. By studying these factors, the research provides a better understanding of how working women manage their finances and what challenges they face in investment decision-making. In conclusion, the financial behaviour of working women is shaped by a combination of economic, psychological, and social factors. While women are becoming more financially independent, there is still a need to improve financial awareness and confidence. Encouraging better financial education and providing access to diverse investment opportunities can help women make informed and effective financial decisions, ultimately leading to long-term financial security and empowerment.

Review of Literature

The review of literature helps to understand the work already done by different researchers in the field of financial behaviour and investment decisions. Many experts have studied how individuals, especially working women, make financial decisions and what factors influence their behaviour. Previous studies clearly show that financial behaviour plays an



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important role in investment decisions. It includes saving habits, spending patterns, and choice of investment options. The following are some important studies conducted by experts:

Sr. No.	Author(s)	Year	Study Focus	Key Findings
1	Daniel Kahneman & Amos Tversky	1979	Prospect Theory & decision-making	Investors are influenced by fear of loss and avoid risk; decisions are not always rational
2	Brad Barber & Terrance Odean	2001	Gender differences in investment	Women are more risk-averse and prefer safe investments compared to men
3	Hersh Shefrin	2000	Behavioural finance theory	Psychological biases like overconfidence and emotions affect financial decisions
4	Richard Thaler	1985	Mental accounting theory	Individuals treat money differently based on its purpose, affecting investment behaviour
5	Annamaria Lusardi & Olivia Mitchell	2014	Financial literacy	Higher financial literacy leads to better investment decisions and confidence
6	James P. Byrnes, David C. Miller & William D. Schafer	1999	Risk-taking behaviour	Women show lower risk-taking ability compared to men
7	OECD	2020	Financial literacy & inclusion	Financial awareness is lower among women, affecting investment participation
8	Vijaya Kumar K.	2018	Socio-economic factors	Income, education, and occupation influence investment decisions of women
9	Geetha S. N. & Ramesh M.	2012	Investment preferences	Women prefer safety, liquidity, and stable returns in investments
10	Kumari S. & Singh P.	2021	Investment behaviour of women	Women mostly invest in traditional options due to lack of awareness

The above table shows that many researchers have studied financial behaviour and investment decisions. Most studies agree that women are generally risk-averse and prefer safe investment



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options. Financial literacy plays a very important role in improving investment decisions. Psychological and socio-economic factors also influence how women invest their money. Overall, both behavioural and rational factors affect investment decisions

Objectives of the Study

1. To study the financial behaviour of working women
2. To analyse investment decisions of working women
3. To examine the impact of financial literacy on investment decisions
4. To identify the role of risk perception in investment behaviour
5. To suggest measures to improve investment awareness among women

Research Methodology

- **Type of Research:** Descriptive and Analytical
- **Data Collection:**
 - Primary Data: Structured questionnaire
 - Secondary Data: Research papers, journals, reports
- **Sample Size:** 100–200 working women
- **Sampling Method:** Convenience sampling
- **Tools Used:** Percentage analysis, correlation, and basic statistical techniques

Data Analysis & Interpretation

The data collected from working women through a structured questionnaire has been analysed using simple statistical tools such as percentage analysis and interpretation. The findings are presented below:

Investment Preferences of Working Women

Table 1: Preferred Investment Options

Investment Option	Respondents	Percentage
Fixed Deposits	42	42%
Gold	25	25%
Insurance	18	18%
Mutual Funds	10	10%
Stock Market	5	5%
Total	100	100%

Interpretation

The above table shows that the majority of working women prefer Fixed Deposits (42%), followed by Gold (25%) and Insurance (18%). Only a small percentage invest in Mutual Funds (10%) and Stock Market (5%). This clearly indicates that working women prefer safe and secure investment options rather than risky investments. Their low participation in the stock market and



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mutual funds reflects a low risk-taking attitude. This behaviour is mainly due to fear of loss and preference for stable returns.

Financial Behaviour of Working Women

Table 2: Saving Habits

Saving Behaviour	Respondents	Percentage
Regular Saving	65	65%
Occasional Saving	25	25%
Rare Saving	10	10%
Total	100	100%

Interpretation

The table shows that 65% of women follow regular saving habits, while 25% save occasionally and only 10% save rarely. This indicates that most working women are financially disciplined and understand the importance of saving for future needs. Regular saving behaviour also supports long-term financial security.

Table 3: Influence on Financial Decisions

Influencing Factor	Respondents	Percentage
Family Members	40	40%
Friends/Peers	20	20%
Self -Decision	30	30%
Financial Advisors	10	10%
Total	100	100%

Interpretation

The table shows that 40% of women are influenced by family members, followed by 30% who make independent decisions. Only 10% depend on financial advisors. This indicates that social influence plays an important role in financial decision-making. Many women still rely on family guidance rather than taking completely independent investment decisions.

Risk Perception of Working Women

Table 4: Risk Preference Level

Risk Level	Respondents	Percentage
Low Risk	55	55%
Moderate Risk	30	30%
High Risk	15	15%
Total	100	100%



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Interpretation

The above table shows that 55% of women prefer low-risk investments, while only 15% are willing to take high risk. This clearly indicates that working women have a high fear of loss, which leads them to choose safer investment options. This conservative approach ensures capital safety but may limit higher returns.

Financial Literacy and Investment Behaviour

Table 5: Level of Financial Knowledge

Financial Literacy Level	Respondents	Percentage
High	20	20%
Moderate	50	50%
Low	30	30%
Total	100	100%

Interpretation

The table shows that 50% of women have moderate financial knowledge, while 30% have low financial literacy. Women with higher financial knowledge are more aware of different investment options and tend to invest in mutual funds, shares, and diversified portfolios. On the other hand, women with low financial literacy prefer traditional and safer investment options.

Overall Statistical Interpretation

From the above data analysis, the following key points are observed:

- Majority of working women prefer **low-risk investment options**
- There is **limited participation in high-return investments** like stock market
- **Regular saving habits** are common among working women
- Financial decisions are influenced by **family and social factors**
- **Risk perception is high**, leading to conservative investment behaviour
- **Financial literacy plays a significant role** in improving investment decisions.

The statistical analysis clearly shows that financial behaviour has a strong impact on investment decisions of working women. Most women prefer safety and security over high returns due to risk aversion and limited financial knowledge. However, improving financial literacy can encourage women to adopt diversified investment strategies and make better financial decisions.

Findings

Based on the analysis of data collected from working women, the following important findings have been observed:



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1. Preference for Safe and Secure Investment Options

The study clearly shows that most working women prefer investment options that are safe and provide stable returns. Investments such as fixed deposits, gold, and insurance are more popular compared to risky options like shares or mutual funds. This preference is mainly due to their concern for financial security and protection of their hard-earned money. Women generally avoid investments where there is uncertainty or high risk of loss.

2. Influence of Financial Literacy on Investment Decisions

Financial literacy plays a very important role in shaping investment behaviour. Women who have better knowledge about financial products, risk, and returns are more confident in making investment decisions. They are also more likely to invest in diversified options such as mutual funds or equity. On the other hand, women with low financial awareness tend to depend on traditional investment methods and avoid exploring new opportunities.

3. Risk Aversion as a Key Factor

The study finds that risk aversion is one of the major factors affecting investment behaviour. Most working women prefer low-risk investments because they are afraid of losing money. Even if high-risk options offer better returns, women are generally hesitant to invest in them. This cautious approach ensures safety but may reduce the chances of higher income or wealth creation in the long run.

4. Role of Social and Psychological Factors

Investment decisions are not taken only on the basis of financial knowledge. Social and psychological factors also play an important role. Many working women are influenced by family members, friends, or colleagues while making financial decisions. Psychological factors such as fear, emotions, and lack of confidence also affect their choices. For example, fear of loss often stops them from investing in new or unfamiliar financial instruments.

5. Impact of Income Level on Investment Choices

Income level is another important factor that affects investment behaviour. Women with higher income levels have more financial flexibility and can invest in a variety of options. They are more likely to diversify their investments and take calculated risks. In contrast, women with lower income levels prefer safer and more traditional investment options due to limited financial resources and fear of financial loss.

6. Limited Awareness about Modern Investment Options

The study also finds that awareness about modern investment options such as mutual funds, stock market, and digital investment platforms is still limited among working women. Many women are not fully aware of the benefits and risks associated with these options. This lack of awareness restricts their participation in advanced financial markets and limits their investment opportunities.



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Suggestions

Based on the findings of the study, the following suggestions are given to improve the financial behaviour and investment decisions of working women:

1. Conduct Financial Awareness Programs

There is a strong need to organise financial awareness and education programs specially designed for working women. These programs can help them understand different investment options, risk management, and financial planning. Awareness campaigns conducted by banks, financial institutions, and government bodies can play an important role in improving financial knowledge.

2. Encourage Investment in Diversified Financial Instruments

Working women should be encouraged to invest in a mix of different financial instruments instead of depending only on traditional options. Diversification helps in reducing risk and improving overall returns. For example, along with fixed deposits, women can invest in mutual funds, bonds, or systematic investment plans (SIPs).

3. Provide Easy Access to Financial Advisory Services

Access to proper financial guidance is very important for making effective investment decisions. Financial institutions should provide simple and affordable advisory services for women investors. Professional guidance can help women understand market trends, manage risk, and choose suitable investment options according to their needs.

4. Promote Use of Digital Financial Platforms

Digital platforms such as mobile banking apps and online investment tools have made investing easier and more convenient. Working women should be encouraged to use these platforms for better financial management. Training programs can be organised to improve digital literacy and build confidence in using online financial services.

5. Improve Financial Education at Workplace and Institutional Level

Employers and educational institutions should take initiative to provide basic financial education to women. Workshops, seminars, and training sessions can be conducted at workplaces to improve financial awareness. This will help women make informed decisions and plan their finances more effectively.

The study clearly shows that while working women are becoming financially independent, their investment behaviour is still influenced by risk aversion, limited financial literacy, and social factors. By improving financial awareness, encouraging diversification, and providing proper guidance, women can make better investment decisions and achieve long-term financial security.



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Conclusion

This study clearly shows that financial behaviour plays a very important role in shaping the investment decisions of working women. In recent years, women have become more financially independent due to better education, employment opportunities, and increased awareness. They are actively earning, saving, and contributing to their family's financial stability. However, when it comes to investment decisions, their behaviour is still influenced by various personal, social, and psychological factors. One of the major conclusions of this study is that working women generally prefer safe and secure investment options.

Most women choose traditional investment avenues such as fixed deposits, gold, and insurance policies. These options are preferred because they provide stability and lower risk. The main reason behind this choice is the fear of financial loss and the need to ensure financial security for themselves and their families. This shows that risk aversion is a dominant factor in their investment behaviour. Another important conclusion is that financial literacy has a strong impact on investment decisions.

Women who have better knowledge about financial products, risk, and returns are more confident in making decisions. They are more open to exploring different investment opportunities, including modern options like mutual funds and equity. On the other hand, women with limited financial knowledge tend to rely on traditional and safer investment methods. This highlights the importance of improving financial awareness among women. The study also finds that social and psychological factors influence investment behaviour to a great extent.

Many working women depend on family members, friends, or colleagues while making financial decisions. Emotional factors such as fear, lack of confidence, and hesitation also affect their willingness to take risks. These factors sometimes prevent them from making independent and well-informed investment decisions. Income level and employment status also play a significant role in determining investment behaviour. Women with higher income levels have more opportunities to invest and are more likely to diversify their investments. In contrast, women with lower income levels prefer safer options due to limited financial resources.

This shows that financial capacity directly affects the type and level of investment. Another important observation is that awareness about modern financial instruments is still limited among many working women. Although digital platforms and online investment options are easily available today, not all women are comfortable using them. Lack of knowledge and confidence acts as a barrier in adopting these modern financial tools.

The study highlights that even though women are progressing towards financial independence, there is still a need to strengthen their financial decision-making abilities. Improving financial literacy, providing proper guidance, and encouraging the use of diversified investment options can help women make better financial choices.



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In conclusion, empowering women with financial knowledge and confidence will not only improve their personal financial well-being but also contribute to overall economic development. When women make informed investment decisions, it leads to better wealth creation, financial stability, and a stronger economy.

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