
AN ANALYTICAL STUDY ON FINANCIAL LITERACY AND ITS IMPACT ON INVESTMENT DECISIONS OF WORKING WOMEN

Manisha B. Bhavnani¹ and Dr. Jagrutkumar Vasavada²¹Research Scholar at Gujarat Technological University²Dean in Dr. Subhash University, School of Commerce and Management, Junagadh¹manishabhavnani27@gmail.com and ²jagrut43@gmail.com**ABSTRACT**

Financial literacy plays a prime role in shaping individuals' financial decision-making processes, particularly concerning the choice of investments. Nowadays growing recognition of financial literacy is like a cornerstone for the development of economy, even though one can see the disparities with women having lower levels of financial knowledge compared to men. This analytical explores the intersection of financial literacy and investment decisions among working women. As financial literacy is like an essential in empowering individuals to navigate the complexities of personal finance, understanding its influence on investment behaviour is crucial for fostering economic empowerment among women.

For the research conducted, data was collected from 100 working women from Porbandar, Jamnagar and Rajkot Cities to know the financial proficiency and ability and accordingly their investment decisions. The research is based on Primary and Secondary data collection tool. To collect the data from specified sample, convenient sampling technique will be used. Researcher will use appropriate statistical tools and techniques for data analysis. The study found varying levels of financial literacy among working women, with notable disparities across demographic and socioeconomic factors. Importantly, higher levels of financial literacy were associated with increased participation in investment activities and a greater willingness to take calculated risks. Conversely, women with lower financial literacy tended to exhibit more conservative investment behavior. Furthermore, the analysis identified key factors contributing to differences in financial literacy levels among working women, including educational attainment, income level, access to financial resources, and prior exposure to financial education initiatives.

The study found that the women are careful while making investment decision, they keep their financial targets, goals and achieve them successfully and their investment is like spreader over the various portfolios to reduce the risk burden. The study will be very helpful for the policy makers and financial institution as to how women may think about the various financial avenues and what is their level of understanding regarding financial opportunities.

Keywords: - Financial Literacy, Financial Knowledge, Financial Awareness, Investment decision, Investment Avenues etc.

1. INTRODUCTION

Financial literacy defined as the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing which plays a crucial role in ensuring economic stability and growth. This research paper aims to explore the relationship between financial literacy and investment decisions among working women. It will investigate how various dimensions of financial knowledge influence their investment behaviours and outcomes.

Understanding the financial behaviours and literacy levels of working women is essential for several reasons. First, it provides insights into the potential barriers women face in achieving financial security and independence. Second, it highlights the areas where financial education programs can be tailored to meet the specific needs of women, thereby empowering them to make informed investment decisions. Third, enhancing financial literacy among working women can have broader economic implications, as women's financial empowerment contributes to the overall economic growth and stability.

Many Indian women face a number of restrictions in terms of cultural, economic, psychological and physical which make them very difficult to being a financial literate. Despite government efforts, a significant gender disparity remains in the percentage of adults who are financially literate. Therefore, more universities should be founded to educate women, and more programs tailored to women's financial needs should be provided

Women are good at budgeting and managing household expenses but many women take their steps back when it comes to take larger financial decisions and they generally leave it to their spouses, fathers, brothers etc, believing them to be financial experts. Women are less experienced about the basic aspect of financial life. A minimum basic level of financial literacy is very essential for every woman so that they can live their life

according to their own choices and take their savings and investments decisions in more effective and efficient manner hence contributing the healthy and prosperous life of their family as a whole (Singh C., Kumar R.2017). Research suggests that women tend to be more apprehensive about their future but are more uneducated about how to secure it, and usually face more monetary challenges than men while making financial decisions (Anthes and Most, 2000).

2. CONCEPTUAL FRAMEWORK: -

➤ **Investment: -**

It means sacrifice of current money to earn more money in the near future. It is like use of money for the sake of earning more return out of that.

➤ **Financial Literacy :-**

Financial literacy defined as the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing which plays a crucial role in ensuring economic stability and growth

➤ **Investment Behaviour: -**

The investment behaviour consists of why they want to invest, how much of their disposable income they want to invest, for how many years/months they want to invest and the most importantly the timing of such investment (Chakraborty, 2012)

3. REVIEW OF LITERATURE :-

- I. **AchmadKautsar and Nadia Asandimitra (June,2019)** conducted a study on “Financial knowledge as Youth Preneur Success Factor”, the main aim behind study is that the youth should be aware about financial knowledge, financial literacy and financial attitude that creates the young entrepreneur success. The research study is based on quantitative analysis and population for the study was Surabaya city. The quota sampling technique was used by dividing the region so that the sample of the study was about to 50 SMEs managed by young entrepreneurs having age of 20-30 years, the data were analyzed through multiple linear regression with validity, reliability, classic assumption test. The findings of the study revealed that better the financial behavior of entrepreneur will improve the quality of financial management and that lead to increase in sales. The research suggests that thoughts, opinions, beliefs and judgements of an individual related to his personal finance will justify what actions they will take.
- II. **BhaskeranRajan, et.al (2020)** presented a research paper on “Financial Literacy as a Tool for Stimulating the Investment Behavior of Rural Women: An Empirical Assessment.” As we all know that investment and savings create the financial strength, hence, the main aim of the study is to know the literacy level of rural women regarding their awareness towards Savings and Investments of money. Also, this study evaluates the relationship of financial literacy and investment& Savings by considering five basic domains of financial behavior as like demographic variable, financial control, financial planning, selection of financial product and financial awareness. The study took a sample of 335 rural women of Jalandhar District. The data was analyzed through financial literacy scale and the results revealed that there is a need of financial awareness program as 62% of rural women have required more knowledge about financial security, taxation, calculation of interest rates etc. Also, many rural women make an investment in gold/silver, real estate as like traditional avenues. Their awareness regarding modern financial avenues is very low.
- III. **Dr.N.R.Saravanan, et.al (September ,2016)** conducted a study on “A Study on Financial Literacy and Investment Behavior of Working Women in Thanjavur District” , the main purpose of the study is to examine investment objectives of working women investors by identifying their life style and according to that which investment avenue they are selecting in their portfolio. Also, to identify the sources that influence in their decision making. The study is descriptive research involving primary and secondary data both. As a sample 250 self-administered questionnaire were administered on the participants that are selected as a random from Thanjavur district. Chi square Test, ANOVA, Regression analysis, Multiple Regression, correlation analysis was used for data analysis purpose. The findings of the research shows that most of the women are married from the sample taken and they are higher saving oriented, and majority of them requires a safety in their investments and it is found from the study that majority of the working women investors hesitate to invest in marketable security. So, the policy of “Invest for Tomorrow” should be inculcated.(LR-8)
- IV. **Dr.V.Ramanujam and L.Leela (May,2016)** carried out a study on “A Study on Investment Literacy towards Investment decision making behavior of working women” , the present study aims to analyze the

investment literacy or awareness in working women regarding investment and how they take decisions regarding investment avenues. Also, to investigate demographic factors have a relationship between investment decision making by considering the financial literacy. The research study was done by using primary and secondary data collection tool, primary data was collected by using interview and questionnaire and secondary data was collected through research papers, articles, websites etc. The sample size for the study was 55 respondents from Coimbatore city. The data analysis was made through SPSS software by applying multiple regression analysis and ANOVA test. The research study found that demographic factors like age, type of family, family status etc. considered as determinants of investment literacy and decision-making behavior of working women. The study was made on teaching professionals, other sectors are not considered hence, it will be considered as future scope.

- V. **Ms.Chetna Singh & Prof. Raj Kumar (October ,2017)** Conducted a study on “Study of Women’s Financial Literacy- A Case of BHU”, the main purpose of the study is to know the financial literacy and investment behavior of working women and also to get the most ideal and popular investment instruments. The data was collected from female faculties of Banaras Hindu University and as a sample 168 female teaching faculties were selected. Questionnaire was used as data collection instrument. The research study finds that there is a huge need of conducting financial literacy programs especially for women so that she can make their own investment decision, also the most preferred financial avenue that the women select is fixed deposits. Also, the study reveals that in spite of working at good positions, women still not feel confident about their own financial decisions, they are very less active in reviewing their portfolio, that’s why, they should be educated about the investment opportunities and make their savings worthwhile.
- VI. **Neha Yadav and T.V. Raman (August,2019)** conducted a study on “Assessing the effect of Financial Literacy on Investors Decision Making”, the study carried out to analyze the concepts of financial literacy among investors and analyze the relationship between financial literacy and demographic profile of investors. The study investigates how financial literacy affects decision making of investors. Here, in this research study the financial literacy is analyzed on the basis of two levels i.e., Basic financial literacy and Advanced financial literacy. The research study is descriptive research design and data was collected through making questionnaire, sample size for the study was 274 investors, data analysis made through SPSS software and in those different statistical techniques like Chi-square, ANOVA and regression analysis. The findings of the study revealed that majority of the investors have basic level of financial literacy and rest were unaware about financial literacy. Also, investment decisions are highly impacted by financial literacy because if you don’t have knowledge regarding financial avenues then how can person make investment decisions. Hence, there is a huge need to increase financial awareness.
- VII. **Puneet Bhushan (May ,2014)** in their research paper “Relationship between Financial Literacy and Investment Behavior of Salaried Individuals” studies that as financial literacy is the most important thing if a person wants to make investment as it shows the awareness of finance. As a financial literate person can understand a risk return analysis of particular investment avenue which suited him/her. The main aim of the study is to analyze the relationship between awareness level of salaried individuals and their investment behavior. As a sample three districts were selected randomly out of twelve from Himachal Pradesh and data was collected through Questionnaire, to measure the financial literacy the OECD approach has been used. The output of the study focuses that the financial literacy largely affects to the investment behavior of individual, also it suggests the investment preference of individual. As low level of literacy level suggests investment in traditional source of finance with low risk and vice versa.

4. METHODOLOGY

4.1 Scope of the Study: -

The study is conducted in 3 cities of saurashtra region i.e. Porbandar, Jamnagar and Rajkot The study focuses on to identify the level of financial literacy to investment decision among the working women and along with that what are the most preferred investment avenues they are selecting for their investment. The research study tries to identify various objectives behind the investment for the working women. Keeping in mind above perspectives, the researcher has framed the following title:

“An Analytical Study on Financial Literacy and its impact on Investment Decisions of Working women”

4.2 Research Gap: -

From the various literature reviews, the researcher found out a gap which exists in the previous research work. This study attempts to study the level of financial literacy among working women of Selected cities i.e. Porbandar, Jamnagar and Rajkot of Saurashtra Region. women investors’ investment protentional are still to be

unexploited. Very few studies have concentrated on women and especially in this area has been kind of Today Predominantly women have started playing the role of a decision maker especially in the financial arena.

4.3 Significance of the study:-

The significance of this study lies in its potential to inform policy makers, educators, and financial institutions about the specific financial literacy needs of working women. By addressing these needs, it is possible to foster an environment where women are better equipped to make sound financial decisions, thereby enhancing their financial security and contributing to economic equality. Through a comprehensive analysis of existing literature, surveys, and case studies, this paper will provide a nuanced understanding of the impact of financial literacy on the investment decisions of working women and offer recommendations for effective financial education initiatives.

4.4 Research Objectives:

- To study the level of financial literacy of working women investors.
- To examine the relationship between demographic and socioeconomic factors and financial literacy of working women investors.
- To identify the different variables that influence investment decisions of working women
- To study the impact of financial literacy level on investment decisions

4.5 Research Plan: -

- **Research Design** :- Descriptive Research Design
- **Unit of Analysis** :- Working Women
- **Sample Method** :- Non Probability Convenience Sampling Design
- **Sample Size** :- 100 Respondents
- **Data Source** :- Primary Data and Secondary Data
- **Data Collection Instrument:** - Primary data was collected through Questionnaire via google form and secondary data was collected through magazines, journals, articles etc.

4.6 Analysis & Interpretation:

Table-1: Demographic Representation of Working Women Investors in Selected Cities

	Description	Frequency
Age (Year Wise)	18-25	53
	26-35	22
	36-45	18
	46-55	06
	56 and above	01
Education Qualification	S.S.C	22
	H.S.C	14
	U.G	34
	P.G	30
Marital Status	Single	53
	Married	42
	Widowed	02
	Divorced	03
Nature of Work	Government Employee	25
	Self Employed	32
	Salaried	34
	Professional	07
	Others	02
Annual Income	2-3 lakhs	57
	3-5 lakhs	30
	5 lakhs -10 lakhs	09
	10 lakhs and above	04

(Source: - Questionnaire, Sample Size= 100 working women investors)

❖ **Understanding of the Financial Concepts: -**

One of the objective was to analyse the level of awareness regarding various financial concepts. A simple question was raised regarding various terms of financial concepts and respondents have to show their understanding as per the YES or NO options , the result were found below :

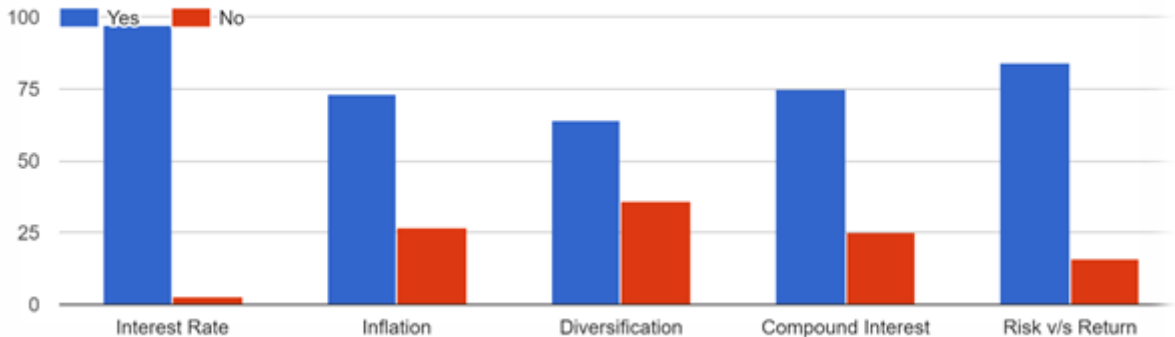


Figure -1 Understanding of the financial concepts

From the close observation to this graphical representation, about to average 50-60% working women have the basic understanding regarding the financial concepts.

❖ **Reasons of making Investment: -**

There are various reasons behind making investment as per the choice and preference. Majority of working women gave the preference towards retirement planning and Wealth accumulation.

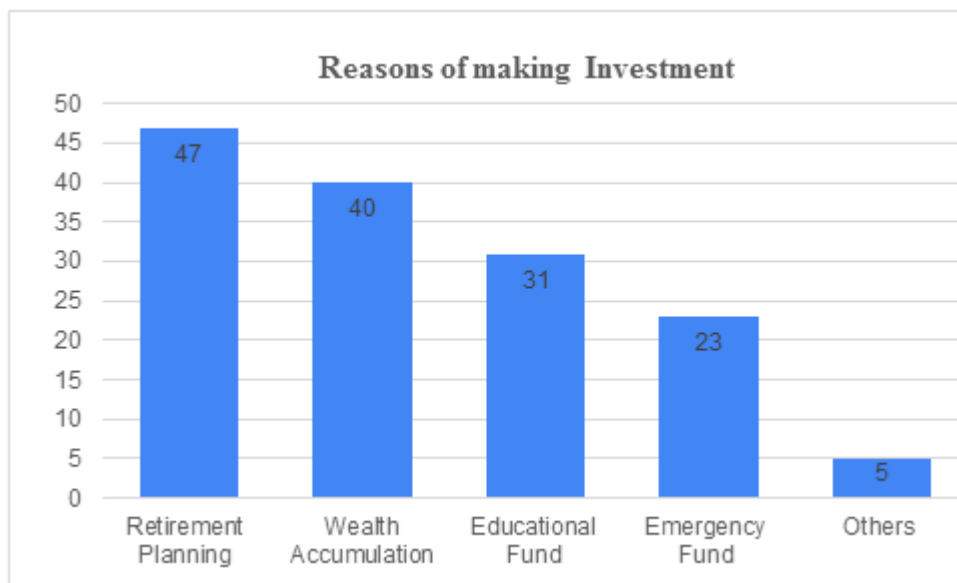


Figure-2 Reasons of Making Investment

❖ **Source of Advice for Investment Decision: -**

There is certain source of guidance for investment decision making. Before making any investment decision one can take advice from financial advisor, spouse, relatives, advertisements, internet etc. Majority of working women take the guidance from Financial Advisor or agent, Friends & relatives etc



Figure-3 Source of Advice for Investment Decision

Hypothesis Testing:

➤ **Hypothesis -1**

An objective of the researcher was to analyse the impact financial literacy on investment behaviour of working women. The researcher creates the following statements related to measure the impact. For that, researcher has used regression analysis where independent factor(x) is financial literacy and dependent factor(y) is financial behaviour has identified. The following hypothesis was framed:

H0= There is no significant impact of financial literacy on investment behaviour

H1= There is a significant impact of financial literacy on investment behaviour

The Collected Data is as Follows:

❖ **Financial Literacy: -**

(Table-2: Financial Literacy)

Financial Concepts	Very Good	Good	Average	Poor	Very Poor
Budgeting	50	35	13	2	0
Saving	48	44	6	2	0
Investing	44	26	27	3	0
Retirement Planning	27	27	37	7	2
Managing Debt	32	35	19	10	4
Understanding Financial Product	36	35	17	8	4
Total	237	202	119	32	10

(Source: - Questionnaire, Sample Size= 100 working women investors)

❖ **Investment Behaviour: -**

(Table-3: Investment Behaviour)

Particulars	SA	A	N	D	SD
I prefer to invest my money in high risky avenues	43	17	21	15	4
I am ready to make investment when there is high ups and downs in market	21	34	25	17	3
I am ready to take some amount of risk if I have sufficient information regarding avenues	52	31	9	5	3
I am more comfortable if I will take small amount of risk to earn a moderate return.	46	30	18	5	1
I feel relaxed when things will go according to my plan	64	20	10	3	3
I prefer that investment avenues which are safe although having a lower return	59	28	9	2	2
Total	285	160	92	47	16

(Source: - Questionnaire, Sample Size= 100 working women investors)

[Table-4 Items having relationship between two variables i.e. Financial Literacy and Investment Behaviour]

Financial Literacy (x)	Investment Behaviour (y)
237	285
202	160
119	92
32	47
10	16

(Source – Questionnaire, Sample – 100 Working Women Investors)

[Table-5 Results of Significance impact of Financial Literacy on Investment Behaviour]

Regression Statistics	
Multiple R	0.943122
R Square	0.889478
Adjusted R Square	0.852638
Standard Error	41.05609
Observations	5

(Source – Questionnaire, Sample – 100 Working Women Investors)

Interpretation: - From the above result it is evident that R Square is 0.889478 which leads to acceptance of the null hypothesis. It can be said that there is no significant impact of financial literacy on investment decision.

➤ **Hypothesis -2**

An objective of the researcher was to analyse the relationship between age and level of confidence in managing own finance. For that, researcher has used one way annova analysis .The following hypothesis was framed:

H0= There is no significant relationship between age and level of confidence in managing own finance.

H1= There is a significant relationship between age and level of confidence in managing own finance.

The Collected Data is as Follows:

[Table-6 Items having relationship between Age and Management of finance]

Age	Very High	High	Neutral	Low	Very Low
18-25	4	11	9	9	20
26-35	4	7	4	4	3
36-45	0	3	6	5	4
46-55	0	3	1	1	1
56 and above	0	0	0	0	1

(Source – Questionnaire, Sample – 100 Working Women Investors)

(Table-7 Calculation of Single Factor ANOVA)

Groups	Count	Sum	Average	Variance
Column 1	5	8	1.6	4.8
Column 2	5	24	4.8	18.2
Column 3	5	20	4	13.5
Column 4	5	19	3.8	12.7
Column 5	5	29	5.8	64.7

(Source: - Questionnaire, Sample= 100 Working Women Investors)

(Table-8 Result of Age and Management of finance)

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	48.4	4	12.1	0.531168	0.714263	2.866081
Within Groups	455.6	20	22.78			
Total	504	24				

(Source: - Questionnaire, Sample= 100 Working Women Investors)

Interpretation: - From the above result it is evident that F_{cal} is 0.531168 and F_{tab} is 2.866081 which leads to acceptance of the null hypothesis. It can be said that there is no significant relationship between age and level of confidence in managing own finance

5. OVERALL FINDINGS

From the data analysis, researcher found that,

- About to average 50-60% working women have the basic understanding regarding the various financial concepts like Interest rate, inflation, risk v/s return etc.
- Women are taking financial knowledge from various sources. Approximately 30%-40% working women gaining financial knowledge through internet, prior education, and financial advisor.
- Out of total , only 24% women having a confidence in managing their own finance, which requires a due consideration
- 80% of women making investments in various investment avenues like stock, mutual fund & SIP, bank fixed deposits etc.
- 49% women feel confidence in making investment, 36% can diversify their investment, 31% can understand the risk and return due to the factor of financial literacy.

6. LIMITATIONS

- This research would be restricted to Porbandar, Jamnagar and Rajkot city only. Study can be done on large sample by including more districts so as present a clear picture of the Investment Preference and Investment behaviour will be found.
- This research would only focus the financial literacy and investment decision of working women investors. There also other areas like Gender and Financial Literacy, Impact of Various financial schemes made by government etc are yet not touched by researchers.
- The accuracy of the findings of study depends upon the correctness of the responses provided by the respondents.
- The study will be based on primary data and primary data has its own limitations like biased answers, affected answers etc.
- Owing to limited knowledge of the researcher on basic concepts, the interpretation and judgements may not be very strong.

7. REFERENCES

- **AchmadKautsar and Nadia Asandimitra (June,2019)** “Financial knowledge as Youth Preneur Success Factor”, *Journal of Social and Development Sciences*, ISSN 2221-1152) Vol. 10, No. 2, pp. 26-32, June 2019
- **BhaskeranRajan, et.al (2020)** “Financial Literacy as a Tool for Stimulating the Investment Behavior of Rural Women: An Empirical Assessment.” , *Investment Strategies in Emerging New Trends in Finance*, DOI: <http://dx.doi.org/10.5772/intechopen.94532>
- **Dr.N.R.Saravanan, et.al (September ,2016)** “A Study on Financial Literacy and Investment Behavior of Working Women in Thanjavur District” , *International Journal of Informative & Futuristic Research (IJIFR)*, Volume - 4, Issue -1, September 2016, ISSN: 2347-1697
- **Dr.V.Ramanujam and L.Leela (May,2016)** “A Study on Investment Literacy towards Investment decision making behavior of working women” , *International Journal in Management and Social Science*, Vol.04 Issue-05 (May, 2016) ISSN: 2321-1784
- **Ms.Chetna Singh & Prof. Raj Kumar (October ,2017)** “Study of Women’s Financial Literacy- A Case of BHU”, *Pacific Business Review International*, Volume 10 Issue 4, October 2017
- **Neha Yadav and T.V. Raman (August,2019)** “Assessing the effect of Financial Literacy on Investors Decision Making”, *International Journal of Innovative Technology and Exploring Engineering (IJITEE)* ISSN: 2278-3075, Volume-8 Issue-10, August 2019
- **Puneet Bhushan (May ,2014)** Relationship between Financial Literacy and Investment Behavior of Salaried Individuals” , *Journal of Business Management & Social Sciences Research (JBM&SSR)* ISSN No: 2319-5614 Volume 3, No.5, May 2014

❖ **Websites Referred :-**

- <https://www.ijrte.org/wp-content/uploads/papers/v8i2/B2054078219.pdf>
- <https://www.frontiersin.org/articles/10.3389/fpsyg.2022.846088/full>
- https://iaeme.com/Home/article_id/JOM_10_01_005
- https://www.researchgate.net/publication/348928971_INVESTMENT_PREFERENCES_OF_SALARIED_WOMEN_EMPLOYEES
- <https://www.inspirajournals.com/uploads/Issues/1527817279.pdf>
- <https://ro.uow.edu.au/cgi/viewcontent.cgi?article=2020&context=aabfj>
- https://link.springer.com/chapter/10.1007/978-3-031-08954-1_11