

A Study on Financial Decision-Making Among Working Women in Punjab

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Abstract: Increasing participation of women in the workforce has strengthened their role in financial and investment decision-making. This study examines the factors influencing the investment behaviour of working women in Punjab. Primary data were collected from 465 respondents using a structured questionnaire. Descriptive analysis, the Friedman test, and exploratory factor analysis were applied. The findings show that wealth creation and family-related goals, particularly children's education and marriage, are the most influential investment motivations, followed by liquidity and emergency needs. In contrast, tax benefits and retirement planning received lower priority. Factor analysis revealed four key dimensions influencing investment decisions: experience and credibility, liquidity and transaction-related factors, return and brand considerations, and tax-oriented factors. The study highlights that working women prioritize financial security and family welfare over long-term tax and pension planning.

Keywords: Investment Behaviour; Working Women; Financial Decision-Making; Liquidity; Wealth Creation; Factor Analysis; Punjab

1.1 Introduction

Recent years have witnessed a significant rise in women's participation in the workforce, leading to greater financial independence and involvement in investment decisions. As women's education and employment levels have increased, their influence on household financial choices has grown; in particular, women's engagement in investment decisions is now seen as crucial for their long-term financial security and empowerment (World Bank, 2022). Understanding the factors that motivate working women's investment choices is therefore essential. Prior research suggests that women tend to be more risk-averse and prioritize financial security over speculative gains. The objectives of this study are:

1. To analyze the investment preferences of working women in Punjab across various financial avenues.
2. To identify the factors influencing investment decisions among working women.
3. To examine the relationship between investment behavior and socio-demographic characteristics of working women.

2.1 Literature Review

Studies of investment behavior find that women's financial decisions are shaped by a combination of personal, socio-cultural, and economic factors. Financial literacy is often cited as a key determinant: women with greater knowledge of financial markets tend to invest more confidently and actively. For example, (Parameswari, 2025)report suggests that higher financial knowledge empowers working women to make more informed choices, while limited literacy can lead to hesitancy or overcaution. Risk tolerance also differs by gender; research indicates that many women exhibit a cautious attitude toward investment risks, preferring low-risk or stable instruments. This risk aversion often manifests in a strong emphasis on capital preservation and gradual wealth accumulation(Clark, 1980).

Another important theme is liquidity and flexibility, found that (Deepak et al, 2025) “most working women prioritize liquidity as the key factor to consider when making investment decisions”. In other words, the ability to quickly convert investments to cash (without substantial loss or penalty) is highly valued by female investors. This finding aligns with the notion that women, especially those managing family responsibilities, favor investments that do not lock up funds for too long. Relatedly, transaction costs such as entry or exit loads can influence decisions, as these costs affect net returns on investments.

Family and future-planning objectives are also prominent influences. Several studies note that women often invest with household goals in mind, particularly expenses like children’s education and marriage. For instance, funding a child’s education is commonly reported as a motivating factor for investment, reflecting a tendency to prioritize family welfare (Kumar Meet, 2024). However, motivations like tax savings or retirement planning may rank lower for some women. This may be because immediate needs and goals (wealth growth for family support) receive more attention than long-term tax efficiency or pension accumulation. (Gangwani et al., 2020). The literature suggests that working women’s investment decisions hinge on factors such as financial literacy, risk considerations, liquidity needs, and family objectives. These insights guided the current study’s hypothesis that multiple factors affect investment behavior and that not all factors are equally influential. To test this, we collected survey data and applied both ranking (Friedman test) and factor analysis techniques.

3.1 Methodology

A structured questionnaire was administered to a sample of 465 working women in Punjab to assess the importance of various investment factors

(Table 1.1 Mean Score of Financial Avenues)

S.NO	Investment Avenue	Mean Score
1	Equity	4.84
2	Mutual Funds	3.45
3	Real Estate	4.70
4	Bank Fixed Deposit	3.04
5	Debt Instrument	5.42
6	NSC PPF GOVTBONDS	4.67
7	Insurance Products	4.45
8	Gold	3.51
9	Crypto Currency	6.45

The mean scores for several investment options reveal that the people who answered clearly have a preference order. Equity (Mean = 4.84) is the most popular investment option, coming in first place. This shows that investors trust the stock market as a main way to make money. Real estate (Mean = 4.70) is in second place, which shows that property is still a good long-term investment and a sign of financial security. Government-backed schemes like NSC, PPF, and bonds (Mean = 4.67) come in third, which shows that investors still want safe and guaranteed return choices. Insurance items (Mean = 4.45) are in fourth place, which shows that they are both important for protection and for making money. Debt instruments (Mean = 5.42) are moderately preferred, coming in fifth. This is because they help diversify portfolios and provide relatively predictable returns. Gold (Mean = 3.51) comes in sixth place, which is lower than expected given that it has always been seen as a safe-haven asset. This suggests that younger investors are changing their minds about it. Mutual funds (Mean = 3.45) are in seventh place, which shows that people don't really like them, even though they could help with diversification and competent management. Bank fixed deposits (Mean = 3.04) are in eighth place, which shows

that they are becoming less popular because they don't pay much interest and don't offer many ways to make money. Finally, bitcoin (Mean = 6.45) comes in last, at ninth place.

Each factor was rated on a Likert scale, and mean scores were calculated (Rensis Likert, 1932). Lower mean scores indicate stronger agreement that a factor is influential. Additionally, exploratory factor analysis (EFA) was conducted to uncover underlying dimensions among the survey items. Prior to extraction, the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's test of sphericity were performed to assess data suitability. The KMO statistic (.764) and a significant Bartlett's test ($\chi^2=1091.408$, $df=45$, $p<.001$) indicated that correlations among items were sufficient for factor analysis. In reporting these results, a KMO value in the 0.70–0.79 range is considered "good" for factor analysis, and a Bartlett's test p-value below .05 confirms that the correlation matrix is not an identity (i.e. factor analysis is appropriate). Principal Component Analysis (PCA) was used to extract factors with eigenvalues >1 , followed by Varimax rotation to aid interpretation.

4.1 Results

(Table 1.2 Mean Score of Factor Influencing for Investment)

S.NO	Factors Influencing	Mean Score
1	Wealth Creation	2.70
2	Earn Regular Return	3.12
3	Children Education Marriage	2.98
4	Build An Emergency Fund	3.22
5	Old Age Pension	4.12
6	Reduce Tax Burden	4.75
7	Buying Property	4.41

Descriptive Mean Scores: Table 1.1 lists the mean scores for seven influencing factors. Wealth creation had the lowest mean (2.70), suggesting it is the strongest motivating factor. Next were children's education/marriage (mean=2.98), earning regular returns (3.12), and building an emergency fund (3.22). Higher means indicate lower importance: old age pension (4.12), buying property (4.41), and reducing tax burden (4.75) were least emphasized by respondents. In summary, respondents prioritized growing their capital and securing family needs over long-term tax or retirement considerations..

(Table 1.3 KMO and Bartlett's Test)

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.764
Bartlett's Test of Sphericity	Approx. Chi-Square	1091.408
	df	45
	Sig.	0.000

The suitability of the data for factor analysis was examined using the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy and Bartlett’s Test of Sphericity. The KMO value of 0.764 indicates good sampling adequacy, while Bartlett’s Test of Sphericity was significant ($\chi^2 = 1091.408$, $df = 45$, $p < 0.001$), confirming that the correlation matrix is not an identity matrix and that the data are appropriate for factor analysis (Bartlett, 1954).

(Table 1.4 Total Variance Explained)

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.117	31.171	31.171	3.117	31.171	31.171	3.048	30.483	30.483
2	1.598	15.976	47.147	1.598	15.976	47.147	1.382	13.817	44.300
3	1.097	10.968	58.115	1.097	10.968	58.115	1.256	12.561	56.861
4	1.043	10.427	68.542	1.043	10.427	68.542	1.168	11.681	68.542

Extraction Method: Principal Component Analysis.

Factor Analysis: The PCA extracted four components with eigenvalues above one, which together explained 68.54% of the total variance. According to standard criteria in social science research, accounting for at least 60% of variance is generally considered adequate. The first four components had eigenvalues 3.117, 1.598, 1.097, and 1.043, explaining 31.17%, 15.98%, 10.97%, and 10.43% of variance, respectively. After Varimax rotation, the variance was more evenly distributed, with Components 1–4 contributing 30.48%, 13.82%, 12.56%, and 11.68% (cumulative 68.54%).

(Table 1.5 Rotated Component Matrix)

Statement	Component			
	Experience & Credibility Driven Factors	Liquidity & Transactional Factors	Return & Brand Considerations	Tax-Oriented Factors
Suggestions from financial experts are considered while investing.	0.850			
Past experience affects you in investing	0.772			
Capital appreciation is considered while investing	0.753			

Company credibility and reputation play a role in my decisions.	0.746			
Risk factor is considered while investing	0.716			
Liquidity factor is considered while investing.		0.867		
Consideration of entry and exit load during investing.		0.754		
Returns are considered as a parameter while investing			0.763	
I consider brand of the company name while investing			0.729	
Tax benefit is considered while investing				0.876

The rotated component matrix revealed interpretable groupings of variables:

- Component 1 (Experience & Credibility Driven Factors): High loadings were found for “Suggestions from financial experts” (0.850), “Past experience” (0.772), “Capital appreciation” (0.753), “Company credibility” (0.746), and “Risk consideration” (0.716). These variables reflect the importance of trusted advice, prior knowledge, brand reputation, and risk perception. In other words, this factor suggests that respondents lean on experience and credible sources when making investment decisions. Prior literature supports the role of expert advice and familiarity in shaping women’s investments, as women tend to value guidance from financial advisors and stable outcomes.
- Component 2 (Liquidity & Transactional Factors): This factor included “Liquidity factor” (0.867) and “Entry/exit loads” (0.754). Both emphasize ease of converting assets to cash and transaction costs. The prominence of liquidity in this factor is consistent with findings that working women rank liquidity highly. Ease of entry/exit also matters, indicating that transactional details influence their choices.
- Component 3 (Return & Brand Considerations): The items “Returns are considered as a parameter” (0.763) and “Company brand name” (0.729) loaded on this factor. This suggests that respondents pay attention to expected returns and the reputation of the investing entity. A strong brand or proven track record likely builds confidence in the investment, while projected returns directly affect decision-making.
- Component 4 (Tax-Oriented Factor): The variable “Tax benefit is considered while investing” loaded highly (0.876) by itself on this component. This indicates that tax savings operate as an independent motivation, separate from the other clusters. It forms a distinct dimension, reflecting that some women do consider tax advantages but often view it separately from factors like risk or liquidity.

Table 1.6 Cross-Tabulation Between Age and Risk Preference

Age Group	Very Comfortable	Somewhat Comfortable	Neutral	Risk Averse	Total
20–30 Years	19	63	105	19	206

31–40 Years	14	61	81	20	176
40–50 Years	14	22	29	17	82
Above 50 Years	1	0	0	0	1
Total	48	146	215	56	465

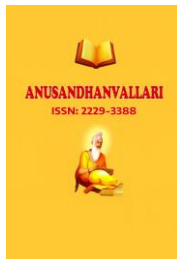
The cross-tabulation between age and risk preference provides meaningful insights into how investment risk tolerance varies across different age groups of working women in Punjab. The findings indicate that risk attitudes are largely moderate, with a predominance of neutral responses across all age categories. Among respondents aged 20–30 years, the majority (105 respondents) reported a neutral attitude toward investment risk, followed by 63 respondents who were somewhat comfortable taking risks. Only a smaller proportion expressed extreme positions, with 19 respondents each being very comfortable and risk-averse. This suggests that younger women investors tend to adopt a balanced or cautious approach rather than exhibiting strong risk-seeking behavior. A similar pattern is observed in the 31–40 years age group, where most respondents (81) reported a neutral risk preference, and 61 indicated being somewhat comfortable with risk. This reflects a moderate risk tolerance, possibly influenced by increasing financial responsibilities and stability during this life stage. In the 40–50 years category, although neutral responses (29) still dominate, there is a noticeable increase in risk-averse individuals (17 respondents). This shift indicates a gradual decline in risk tolerance as individuals approach later stages of their financial lifecycle, where capital preservation may become a priority. The “Above 50 years” category includes only one respondent, who reported being very comfortable with investment risk. However, due to the extremely small sample size, no meaningful generalizations can be drawn for this group.

5.1 Discussion

The findings of the present study indicate that wealth accumulation is the dominant investment motivation among working women in Punjab, reflecting a preference for steady financial growth over speculative or high-risk investments. This observation is consistent with prior research which suggests that women generally adopt conservative investment strategies and emphasize capital preservation and gradual wealth accumulation (Barber & Odean, 2001; Rachel Croson & Uri Gneezy, 2009). Similarly, (Jianakoplos & Bernasek, 1998) report that women’s lower risk tolerance often leads them to favor safer investment avenues aimed at long-term financial security.

The high importance attached to children’s education and marriage expenses highlights the strong influence of social and family responsibilities on women’s financial decision-making. Several studies confirm that women frequently invest with household and family-oriented goals in mind, particularly to meet future obligations related to children’s education and marriage (Kumar Meet, 2024). This underscores the role of women as key financial planners within households, where investment choices are closely aligned with family welfare and social expectations.

The strong emphasis on liquidity and emergency funds observed in the study aligns with existing literature that identifies liquidity as a critical consideration for working women investors (Ramya et al, 2025) report that women prefer investment instruments that offer easy accessibility and flexibility, enabling them to respond



effectively to unforeseen financial emergencies. This preference reflects the dual responsibilities often borne by working women, balancing professional commitments with household financial security.

In contrast, tax reduction and pension planning emerged as relatively less influential factors in investment decisions. This finding is supported by earlier studies indicating that women, particularly newer or less financially experienced investors, tend to prioritize immediate and tangible financial goals over long-term tax efficiency or retirement planning (Parameswari, 2025). Such behavior suggests a focus on present financial needs and visible outcomes rather than deferred benefits.

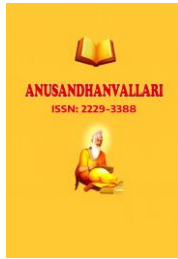
Furthermore, the results of the rotated factor analysis reveal that professional guidance and past investment experience play a central role in shaping investment behavior. This aligns with prior research, which shows that women investors often rely on financial advisors, personal experience, and the credibility of financial institutions to mitigate perceived risks (Lusardi & Mitchell, 2014). The reliance on trusted sources and familiar investment patterns reinforces the notion that trust and credibility are essential determinants of women's investment decisions.

6.1 Conclusion

This analysis shows that working women in Punjab make investment decisions based on a combination of factors, with clear priorities. Wealth creation and family needs dominate their motivations, while tax savings and long-term retirement considerations are relatively secondary. The statistically significant differences (Friedman test) confirm that women do not view all factors equally but concentrate on those aligning with immediate security and growth. Factor analysis further clarifies that these motivations cluster into four key dimensions: experience/credibility, liquidity/transactional ease, returns/brand, and tax orientation. These insights can inform financial educators, advisors, and policymakers: targeted programs should emphasize financial literacy and highlight how various investment options can meet women's specific goals (e.g. safe wealth growth or children's education funding). Encouraging awareness of long-term planning, such as tax benefits or retirement schemes, may also help women balance their portfolios beyond immediate needs.

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