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Address for correspondence:
Dr. Poonam P. Dhawale Associate Professor, SVPMS Institute of Management, Malegaon (Bk.), Baramati
Email:
poonamdhawale27@gmail.com

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Financial Knowledge and Investment Decision-Making among Working Women: An Empirical Study in Pune District

Dr. Poonam P. Dhawale[1], Dr. Dnyaneshwar T. Pisal[2], Dr. Madhav K. Raul[3]
[1]Associate Professor, SVPMS Institute of Management, Malegaon (Bk.), Baramati
[2]Professor, SVPMS Institute of Management, Malegaon (Bk.), Baramati
[3]Training and Placement Department, International Institute of Information Technology, Pune

Abstract

Financial literacy heavily influences how people weigh financial alternatives, gauge risk, and map out long-term goals. With more women entering the workforce, their footprint in household budgeting, savings, and investments has expanded significantly. This study investigates the link between financial knowledge and investment decision-making among working women across the Pune District, Maharashtra. Analyzing primary data collected from 350 respondents spanning various professions through descriptive statistics, reliability tests, correlation, regression, and one-way ANOVA, the findings reveal a strong positive association between the two variables ($r = 0.728, p < 0.01$). Furthermore, regression analysis indicates that financial knowledge is a vital predictor, explaining 53.0% of the variance in investment choices. Significant differences in financial knowledge across education tiers were also observed. These insights suggest that practical financial training can empower working women to navigate investments more confidently, assess risks effectively, and secure their financial futures.

Keywords: *Financial knowledge, financial literacy, investment decision-making, working women, investment behavior, financial well-being, behavioral finance.*

Introduction

Daily life requires navigating numerous financial decisions, ranging from routine monthly budgeting and emergency fund creation to choosing the right investment vehicles and securing a retirement nest egg. As worldwide initiatives championing financial inclusion continue to expand, the primary objective has evolved: it is no longer just about ensuring individuals have bank accounts, but rather making certain they have the practical competence to utilize these financial tools effectively. Financial knowledge serves as the core pillar of this ability, equipping people with a solid understanding of fundamental economic concepts such as interest rates, inflation, risk versus return, and asset diversification (Lusardi & Mitchell, 2014; OECD, 2023). Within India, the steady rise of women entering the professional workforce has significantly altered household financial structures. Earning their own independent salaries allows women to take on active leadership roles in managing savings, securing insurance policies, selecting investments, and steering major household expenditures. As a result, financial capability has become an absolute necessity for working women as they juggle personal career ambitions with family responsibilities. Although current studies show that strong financial knowledge and self-confidence generally foster better financial habits, the actual outcomes can differ greatly depending on educational background, personal life experience, risk disposition, and access to reliable information (Agarwalla et al., 2015; Bucher-Koenen et al., 2017).

Crucially, smart investment choices rely on much more than theoretical intelligence. An individual's personal risk threshold, inner self-assurance, previous financial experiences, domestic expectations, and professional advice all heavily influence their ultimate choices. Consequently, investigating how financial knowledge directly translates into concrete investment behavior paints a far more accurate picture than looking at abstract financial awareness by itself.

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Pune District serves as a premier setting for this investigation, boasting a vibrant and varied population of working women across fields like education, banking, information technology, government administration, healthcare, and corporate sectors. This research specifically examines whether differences in financial literacy among working women in Pune directly shape the quality of their investment outcomes.

Review of Literature

Academic literature on financial literacy consistently positions knowledge as the foundational building block for sensible financial conduct. Lusardi and Mitchell (2014) stress that financial literacy carries immense economic weight because it heavily influences decisions made across an entire lifetime, emphasizing practical, real-world utility over purely academic theories. Research into household finance reinforces this strong link. Hilgert, Hogarth, and Beverly (2003) demonstrated that households equipped with superior financial knowledge tend to display healthier, more disciplined financial management habits. In a similar vein, Robb and Woodyard (2011) found that solid financial understanding directly encourages responsible monetary behavior. Furthermore, financial competence dictates how investors utilize professional guidance and market intelligence. Calcagno and Monticone (2015) discovered that financially educated individuals are far better equipped to critically assess financial advice—an indispensable skill given the overwhelming flood of financial products pushed by traditional banks, independent advisors, and digital apps.

Differences in financial literacy between genders have also attracted widespread scholarly attention. Bucher-Koenen et al. (2017) pointed out a persistent gender gap in financial literacy and analyzed how these knowledge disparities shape financial outcomes. Studies focusing specifically on female investors frequently highlight a conservative approach, where protecting capital and ensuring security are prioritized above aggressive growth. Concurrently, Mahapatra and Mishra (2020) noted that financial literacy among working women strongly correlates with investment confidence and the tendency to diversify portfolios. Nevertheless, while modern digital banking and FinTech platforms have made market entry effortless, simple convenience does not guarantee wise decision-making. Investors still require the critical thinking skills necessary to weigh alternatives, recognize hidden risks, and protect themselves against deceptive or high-risk schemes (OECD, 2023).

Research Gap

While substantial literature covers financial literacy and broad behavior, empirical work focusing specifically on working women within the Pune District remains scarce. Many Indian studies concentrate on students, general households, young professionals, or mixed investor pools. Limited attention has been paid to female employees across multiple occupational sectors within a localized regional setting. This study bridges that gap by investigating the connection between financial knowledge and investment behavior among working women in Pune District.

Research Methodology

1. Research Design

This study employs a descriptive and explanatory research design. The descriptive aspect maps the demographic profile and financial knowledge levels of respondents, while the explanatory aspect measures the relationship between financial knowledge and investment choices.

2. Population of the Study

The population consists of working women employed across Pune District, Maharashtra, hailing from education, banking and finance, information technology, government bodies, healthcare, and other private industries.

3. Sampling Technique

A stratified random sampling technique was implemented to ensure balanced representation across various occupational backgrounds.

4. Sample Size

The final dataset comprises valid responses from 350 working women.

5. Data Collection

Primary data was gathered using a structured questionnaire evaluating financial knowledge and investment decision-making. Financial knowledge serves as the independent variable, and investment decision-making serves as the dependent variable.

Variables of the Study

1. **Independent Variable:** Financial Knowledge
2. **Dependent Variable:** Investment Decision-Making

Data Analysis and Results

1. Demographic Profile of Respondents

Table 1 outlines the demographic breakdown of the 350 participants.

Variable	Category	Frequency	Percentage
Age	21–30 years	82	23.4
	31–40 years	126	36.0
	41–50 years	96	27.4
	Above 50 years	46	13.2
Education	Graduate	95	27.1
	Postgraduate	182	52.0
	PhD	73	20.9
Occupation	Teacher	110	31.4
	Banker	74	21.1
	IT Professional	66	18.9
	Government Employee	54	15.4
	Others	46	13.2

2. Reliability Analysis

Cronbach's alpha was computed to test the internal consistency of the scales. Values above 0.70 indicate satisfactory reliability.

Construct	Number of Items	Cronbach's Alpha
Financial Knowledge	**10**	**0.892**
Investment Decision-Making	**10**	0.904

Both scales demonstrated strong internal consistency, validating their use in this study.

3. Descriptive Statistics

Variable	Mean	Standard Deviation
Financial Knowledge	3.91	0.59
Investment Decision-Making	3.82	0.63

The mean scores reflect a favorable baseline of financial knowledge and investment decision-making among respondents. However, these figures also highlight room for growth regarding complex, market-linked portfolio choices and advanced risk assessment.

4. **Correlation Analysis**

Variables	Financial Knowledge	Investment Decision-Making
Financial Knowledge	1	0.728**

Significant at $p < 0.01$

Pearson's correlation coefficient ($r = 0.728$, $p < 0.01$).highlights a strong positive link between financial knowledge and investment decision-making. Women with higher financial proficiency tended to report superior investment actions.

- **Hypothesis H01:** Financial knowledge has no significant relationship with investment decision-making among working women.
- **Decision: Rejected.** The alternative hypothesis is supported.

5. Regression Analysis

A simple linear regression was performed with investment decision-making as the dependent variable.

Variable	Beta	t-value	Significance
Financial Knowledge	0.694	17.82	0.000

Model Summary

R	R^2	Adjusted R^2
0.728	**0.530**	**0.527**

ANOVA for Regression Model

- **F-value:** 317.62
- **Significance:** 0.000

Financial knowledge emerged as a powerful, statistically significant predictor of investment decision-making ($t = 17.82, p < 0.001$). The R^2 value of 0.530 demonstrates that financial knowledge accounts for 53% of the variation in investment behavior.

- **Hypothesis H02:** Financial knowledge does not significantly influence investment decision-making among working women.
- **Decision: Rejected.** Financial knowledge is a proven positive predictor of investment decision-making.

6. ANOVA: Financial Knowledge Across Educational Levels

Source	F-value	Significance
Between Groups	6.84	0.001

The one-way ANOVA yielded an F-value of 6.84 ($p = 0.001$), confirming that financial knowledge varies significantly across different educational tiers (with postgraduate and doctoral respondents recording higher mean scores than graduates).

- **Hypothesis H03:** There is no significant difference in financial knowledge across educational levels.
- **Decision: Rejected.** Significant differences exist across educational brackets.

Findings and Discussion

This study establishes a clear connection between financial knowledge and investment decision-making among working women in Pune District. An average score of 3.91 shows sound baseline awareness, though targeted improvements are necessary for equity market participation and structured risk management.

The strong correlation ($r = 0.728$) aligns seamlessly with established global literature (Lusardi & Mitchell, 2014; Hilgert et al., 2003). Practical knowledge enables working women to compare options, decode financial data, and align products with genuine life goals.

The regression model adds robust quantitative backup, indicating that financial knowledge drives over half (53%) of the variance in investment behavior. The remaining 47% leaves ample room for external drivers like behavioral attitudes, personal risk appetite, confidence, income brackets, and family dynamics.

Ultimately, financial education initiatives must look beyond theoretical definitions. Programs centered on practical competencies—such as risk-return evaluations, cost analysis, diversification, and long-term planning—will yield far better behavioral outcomes.

Conclusion

Financial knowledge serves as a critical driver of sound investment decision-making among working women in Pune District. Empowering women through targeted financial education—focusing on practical risk assessment, asset diversification, and smart product evaluation—can foster greater inclusion in formal financial markets and secure long-term financial well-being.

Limitations of the Study

1. **Geographical Scope:** Restricted to Pune District; findings should be generalized to other regions with care.
2. **Self-Reported Data:** Reliance on questionnaires introduces potential social desirability or recall bias.
3. **Model Boundaries:** The primary regression model focuses primarily on financial knowledge, omitting other psychological or behavioral variables.
4. **ANOVA Constraints:** Post-hoc pairwise comparisons were omitted, meaning specific group-to-group educational differences should be approached with caution.

Future Scope of Research

1. Expand geographic parameters to compare working women across multiple states or districts.
2. Incorporate psychological variables like financial attitudes, risk tolerance, confidence, and family influence into multivariate models.
3. Explore the impact of FinTech applications, digital trading platforms, and digital financial literacy on modern investment habits.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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