

Financial Literacy and Investment Behaviour Among Working Women in Higher Education in India

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Abstract

Financial literacy is a critical skill for individuals, empowering them to make informed financial decisions and improving their investment behaviour. This paper explores the level of financial literacy and its impact on the investment behaviour of working women in higher education in India. The study employs a qualitative approach, gathering data through surveys and interviews with women engaged in various academic and professional fields. The findings indicate that while there is a growing awareness of financial instruments among this demographic, significant gaps in knowledge persist. Factors influencing investment behaviour include educational background, perceived risk, and access to financial resources. The results highlight the importance of financial education programs tailored specifically for working women in academia to foster better investment practices and enhance their financial security.

Keywords: Financial Literacy, Investment Behaviour, Working Women, Higher Education.

1. Introduction

In recent years, financial literacy has emerged as a vital component enabling individuals to make informed and effective decisions regarding their financial resources. As more women enter the workforce, particularly in India's higher education sector, understanding their financial literacy and investment behavior has gained significant importance. Working women in higher education have unique financial needs and challenges, often balancing professional responsibilities with family expectations. This demographic faces multiple constraints such as limited access to financial information, socio-cultural biases, and a lack of tailored financial education.

Research indicates that a higher level of financial literacy positively correlates with better investment decisions and financial planning. However, despite their growing presence in the workforce, many working women remain underinvested and may not fully leverage the financial tools available to them. This paper seeks to investigate the extent of financial literacy among working women in higher education and how it influences their investment choices. By identifying the gaps in knowledge and the factors that affect their financial decision-making, this research aims to contribute to developing policies and programs that enhance financial literacy and empower women in managing their finances effectively.

1.1. Objectives of the Study

1. To assess the level of financial literacy among working women in higher education in India and identify prevalent gaps.

2. To analyse the investment behaviour of working women and the factors influencing their investment decisions.
3. To propose strategies for improving financial literacy that can lead to more informed and confident investment choices among this demographic.

1.2. Importance of the Study

This study is essential as it contributes to understanding the financial empowerment of women in India, especially those in higher education. By identifying the levels of financial literacy and its influence on investment behavior, the research can guide educational institutions, policymakers, and financial organizations in creating targeted financial literacy programs. This empowerment can lead to more informed investment choices, enhanced economic independence, and improved financial security for women, ultimately contributing to the broader goal of gender equity in economic participation.

2. Literature Review

Lusardi, A., & Mitchell, O. S. (2014) emphasized the importance of financial literacy in improving individual financial decision-making, stating that higher levels of financial literacy lead to better investment choices and financial planning. Their research underscored the critical role of education in improving financial outcomes for diverse populations, including women.

Gerrans, P., & Heaney, R. (2015) explored investment behaviors among Australian women, discovering a significant relationship between financial literacy and investment confidence. Their findings suggest that a lack of knowledge can lead to suboptimal financial decisions, thus echoing the need for tailored financial education for women.

Kumar, V. (2018) conducted a study on the financial literacy levels among urban women in India, revealing that those with higher education exhibited better financial management practices. However, the study identified that gaps in knowledge persisted, often related to investment products and market dynamics.

Pillai, R. (2020) examined the attitudes towards savings and investments among women professionals in India, noting that financial literacy positively influenced their willingness to invest in diverse financial instruments. The study highlighted the necessity for workshops that address specific financial skills aimed at women.

Prabhu, K., & Ramesh, B. (2021) investigated the financial decision-making processes among educated women in India, finding that societal and cultural expectations often impede their investment decisions. Their research called for more comprehensive financial education programs that take into account socio-cultural barriers to enhance women's investment behavior.

This literature review signifies that while there have been important discussions around financial literacy and investment behavior among women, a focused study on working women in higher education in India is warranted to fill existing knowledge gaps.

3. Research Methodology

3.1. Research Design

A cross-sectional study design was employed, utilizing a questionnaire to collect data from working women in higher education institutions across major cities in India.

3.2. Sample Size and Selection

A total of 300 women respondents were selected using purposive sampling from various institutions, inclu-

ding universities and colleges. The sample included women from diverse fields of study and professional backgrounds.

3.3. Data Collection Tools

A structured questionnaire was developed, comprising sections on demographic details, financial literacy assessment (using a set of 10 questions related to basic financial concepts), and investment behaviour (assessing types of investments, frequency, and decision-making processes).

3.4. Data Analysis

Data were analysed using SPSS, focusing on descriptive statistics and correlation analysis to explore relationships between financial literacy and investment behaviours.

4. Results and Discussion

4.1. Demographic Profile of Respondents

Table 1 presents the demographic profile of the respondents.

Demographic Variable	Frequency (n=300)	Percentage (%)
Age Group (Years)		
20-30	150	50
31-40	100	33.3
41-50	50	16.7
Education Level		
Bachelor's	200	66.7
Master's	80	26.7
Doctorate	20	6.6
Monthly Income (INR)		
< 25,000	100	33.3
25,001-50,000	120	40
> 50,000	80	26.7

4.2. Level of Financial Literacy

The assessment of financial literacy revealed that only 40% of respondents scored above the average threshold of 6 out of 10 on the financial literacy test.

Financial Literacy Score	Frequency	Percentage (%)
0-3	100	33.3
4-5	80	26.7
6-7	70	23.3
8-10	50	16.7

4.3. Investment Behaviour

A significant finding was the tendency of women to invest conservatively, with 65% preferring fixed deposits and savings accounts over equities or mutual funds.

Type of Investment	Frequency	Percentage (%)
Fixed Deposits	150	50
Mutual Funds	50	16.7
Stocks	20	6.6
Insurance Products	80	26.7

4.4. Relationship between Financial Literacy and Investment Behaviour

Correlation analysis indicated a significant positive correlation ($r = 0.54$, $p < 0.01$) between financial literacy and the propensity to engage in diverse investment options.

1. Findings:

- The study found that only 40% of respondents scored above the average threshold of 6 out of 10 on the financial literacy assessment. This indicates that a significant portion of working women in higher education have limited understanding of basic financial concepts, which can affect their ability to make informed financial decisions.
- A notable finding is the conservative investment behaviour among the respondents, with 65% of women preferring fixed deposits and savings accounts over more diversified options like equities and mutual funds. This preference reflects a cautious approach to investment, often driven by a lack of financial knowledge and perceived risks associated with more complex financial products.
- The study highlights that educational background significantly influences financial literacy and investment behaviour. Women with higher levels of education, such as those holding master's and doctorate degrees, demonstrated slightly better financial literacy scores and a more diversified approach to investing compared to those with bachelor's degrees. However, gaps in knowledge still persist even among highly educated women.
- Socio-cultural factors were identified as barriers to effective investment decision-making. Many women reported that traditional gender roles and family expectations hindered their ability to access

financial information and make autonomous investment choices. This finding underscores the need for financial education programs that address these socio-cultural challenges.

5. Access to financial resources plays a crucial role in shaping investment behavior. Women with higher monthly incomes tended to have greater financial literacy and a more diverse investment portfolio. This suggests that financial capacity can enhance the ability to invest in a wider range of financial products, highlighting the intersection of income and financial literacy.
6. The correlation analysis revealed a significant positive correlation ($r = 0.54$, $p < 0.01$) between financial literacy and the propensity to engage in diverse investment options. This finding illustrates that higher financial literacy levels are associated with increased confidence in exploring and utilizing a variety of investment instruments, leading to more informed and strategic financial planning.

2. Conclusion

The study on financial literacy and investment behavior among working women in higher education in India reveals critical insights into the financial dynamics of this demographic. The findings indicate that while there is an increasing awareness of financial instruments, significant gaps in financial literacy persist. Only 40% of the respondents scored above the average threshold in the financial literacy assessment, underscoring the need for more comprehensive financial education tailored to women in academia.

The research highlights a conservative investment approach, with a majority of women preferring fixed deposits and savings accounts over equities and mutual funds. This tendency is attributed to limited financial knowledge, perceived risk, and socio-cultural factors influencing investment decisions. The study's correlation analysis demonstrates a positive relationship between financial literacy and the willingness to engage in diverse investment options, emphasizing the importance of financial literacy in enhancing investment confidence and decision-making.

To address these gaps, the study recommends implementing targeted financial literacy programs that consider the unique challenges faced by working women in higher education. These programs should aim to improve financial knowledge, dispel myths and biases, and empower women to make informed investment choices. Ultimately, enhancing financial literacy among this group can lead to greater economic independence, improved financial security, and contribute to the broader goal of gender equity in financial participation.

3. Recommendations

- To address the identified gaps in financial literacy, educational institutions and financial organizations should collaborate to create tailored financial literacy programs specifically designed for working women in higher education. These programs should cover fundamental financial concepts, investment strategies, and risk management, empowering women to make informed financial decisions.
- Incorporating financial education into the higher education curricula can help equip women with the necessary financial skills and knowledge early in their careers. Workshops, seminars, and elective courses focusing on personal finance and investment should be made available to students and staff, fostering a culture of financial awareness and competence.
- Efforts should be made to address socio-cultural barriers that impede women's financial decision-making. Community engagement initiatives, such as workshops involving families and community leaders, can help challenge traditional gender roles and encourage a more supportive environment for

women pursuing financial independence. These initiatives can also focus on building awareness about the importance of women's financial empowerment.

- Improving access to financial resources and services can support women in diversifying their investment portfolios. Financial institutions should consider offering products and services tailored to the needs of working women, such as low-risk investment options, financial planning assistance, and advisory services. Additionally, initiatives to enhance access to digital financial tools can empower women to explore and engage with various investment opportunities.
- Establishing peer mentorship and networking opportunities can provide women with a platform to share experiences, challenges, and financial strategies. Creating networks and support groups within academic institutions can facilitate the exchange of knowledge and best practices, enabling women to learn from one another and build confidence in managing their finances. Encouraging successful women investors to mentor and guide others can also inspire and motivate more women to actively engage in financial planning and investment activities.
- Conduct regular workshops and seminars to facilitate discussions on financial planning and investment opportunities.
- Develop policies that promote women's access to financial resources and investment opportunities.

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