

*Research presentation*

*Factors that affect financial  
decision making amongst  
women*

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# Abstract

Women often face constraints in financial decision-making within households, particularly in patriarchal societies like India. While significant progress has been made in women's education and workforce participation, understanding the dynamics of financial decision-making among urban women remains limited. This study aims to explore factors influencing financial decision-making involvement among urban women in Delhi NCR, focusing on age, marital status, employment status, self-efficacy, financial knowledge, and education and income relative to one's spouse. A quantitative survey approach was employed, collecting data from 70 urban women using standardized scales. Regression analysis revealed that self-efficacy positively impacts financial decision-making involvement, whereas financial knowledge has a significant negative effect. Furthermore, income parity with a spouse emerged as a significant factor, with women earning more than their spouses showing greater involvement. The findings highlight the importance of both psychological empowerment and economic independence in enhancing women's roles in household financial decisions. While building self-efficacy is crucial, the study also shows that higher earning power significantly boosts women's financial bargaining power at home. This suggests that policies and programs promoting women's economic empowerment should focus on both increasing earning opportunities and strengthening financial confidence. By integrating financial education with strategies that facilitate equal income opportunities, stakeholders can address both knowledge gaps and economic barriers, thereby promoting gender equity and enabling women to navigate household power dynamics more effectively. This dual approach can lead to more inclusive financial decision-making and a more equitable distribution of financial authority within families.

# Introduction

**According to a report by the Center for Global Development [1], in India, women are often not primary decision-makers in financial matters. They are less likely than men to control financial resources and make decisions related to household finances.**

**A survey by the International Labour Organization (ILO) found that globally, women are more likely to be involved in day-to-day financial decisions like managing household budgets and expenses rather than long-term financial planning and investments.**





**Women have made significant strides in higher education and the workforce, yet the link between education and financial decision-making remains uneven. Despite advances, cultural and structural barriers persist, such as traditional gender roles, unequal access to financial education, and systemic biases.**



**Financial decision-making at home significantly impacts family well-being and future planning. Globally, there is ongoing discussion about how decision-making power, often dominated by men, influences family dynamics. In India, men typically control financial decisions, affecting many families. Understanding women's role in financial decision-making is crucial. When women have control over finances, they gain the power to shape their lives and their families' futures. Financial decisions encompass spending, saving, and investing. Empowering women to make these decisions can lead to better opportunities and promote gender equality. Studying women's financial decision-making helps us support them better and work towards a more equitable society.**

# Literature Review

1) Hora's (2014) study examines factors affecting women's participation in leadership and decision-making roles within Bedele Town Administration. Using a descriptive research design, the study identifies key variables such as age, education, socio-cultural attitudes, and domestic responsibilities. It finds that age significantly influences financial decision-making, with older women exhibiting greater autonomy and leadership capacities. While educational qualifications also contribute, age emerges as the more critical factor. The study highlights the impact of traditional beliefs and household duties in limiting women's public leadership roles, particularly within the specific context of Bedele Town. [2]

2) The study on financial literacy's impact on women's economic empowerment among rural poor populations in Sri Lanka employs a quantitative approach using PLS-SEM for analysis, supplemented by SPSS 22 for descriptive analysis. Data was collected via researcher-administered questionnaires, focusing on women-headed households. The findings reveal a significant positive effect of financial literacy on women's economic empowerment, particularly in improving financial well-being and control over time allocation. The study confirms all tested hypotheses, highlighting a strong relationship between financial literacy and economic empowerment for rural women in Sri Lanka. [3]

3) The study "Women and Men in India: How Do They Manage Their Money?" by the Centre for MicroFinance (CMF) and the Institute for Financial Management and Research (IFMR) investigates gender dynamics in financial management within Indian households. It finds that men predominantly control financial decisions, including savings, investments, and expenditures, revealing a significant gender disparity in financial authority and decision-making responsibilities. [4]

4) The study "Gender Dynamics in Household Financial Management in Urban Nigeria" investigates how financial decision-making roles are divided between men and women in urban households. Using a mixed-method approach, combining quantitative surveys with qualitative interviews, the research provides a detailed view of financial practices across 500 households, with 480 completed surveys analyzed. The findings reveal a distinct gender disparity: men predominantly control major financial decisions, including investments, savings, and large expenditures, while women are more often responsible for daily budgeting and household expenses. Socioeconomic factors, such as income and education, play a crucial role in shaping these dynamics. Higher income levels and educational attainment are linked to greater financial decision-making authority, with employed individuals generally exercising more control over financial matters than those in informal employment or unemployed statuses. [5]

## KNOWLEDGE GAP AND RATIONALE OF THE STUDY

Women often face limited autonomy in financial decision-making, especially in rural and lower-income urban settings. Understanding the extent of women's involvement in these decisions is not only a matter of equity but also crucial for improving overall household financial management.

However, much of the existing research focuses on rural and lower-income contexts, potentially overlooking the complexities of financial decision-making among women in urban environments. Urban settings, characterized by higher levels of education and increased workforce participation among women, present unique dynamics that influence their roles in financial management. Therefore, there is a critical need for research that specifically examines the financial decision-making processes of urban women.

Neglecting the experiences of urban women in such studies not only omits a significant demographic but also misses the opportunity to explore how shifting socioeconomic factors and evolving cultural norms shape gender dynamics in financial matters. Each region within India presents unique circumstances that may influence women's financial behaviors in distinct ways. Continuous research is essential to uncover these variations and develop interventions that are both effective and contextually relevant.

Moreover, research is vital in identifying gaps in current financial literacy programs and determining the most effective strategies for empowering urban women economically. By focusing on the specific challenges and realities faced by urban women, researchers can contribute to the development of evidence-based solutions that enhance financial literacy and decision-making capabilities among this population.





# Methodology

**Research Aim: To determine the factors driving female involvement in financial decision-making within households in the context of urban Indian women residing in Delhi NCR.**

H01: There is no significant difference in financial decision-making involvement of urban women based on age.

H02: There is no significant difference in financial decision-making involvement of urban women based on employment status.

H03: There is no significant difference in financial decision-making involvement of urban women based on marital status.

H04: There is no significant difference in financial decision-making involvement of urban women based on income compared to spouse.

H05: There is no significant difference in financial decision-making involvement of urban women based on education compared to spouse.

H06: There is no significant impact of self-efficacy on the financial decision-making involvement of urban women.

H07: There is no significant impact of financial knowledge on the financial decision-making involvement of urban women.

# Research Design

This study is quantitative in nature and uses a survey methodology for its purpose. It was divided into three sections:

1. Filter question for Gender to eliminate male respondents
2. Demographic questions on age, marital status, employment status, education, spouse's education and equality in income
3. Survey questions measured through the following standardised scales:
  - 10-item Involvement in Financial Decision-Making Scale
  - 4-item Self-Efficacy Scale [6]
  - 3-item Financial Knowledge Scale [7]

The first two scales were measured through a 5-point Likert scale and the last one was measured using multi-choice questions.

## **Data Collection Procedure**

Data was collected using Google Forms, with the survey conducted in English. Participants completed the self-administered survey voluntarily and anonymously to ensure confidentiality and privacy.

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## **ETHICS AND INFORMED CONSENT**

Participants were provided with information about the study's purpose and procedures. Informed consent was obtained at the beginning of the survey, outlining voluntary participation, confidentiality of responses, and the right to withdraw at any time without consequences.

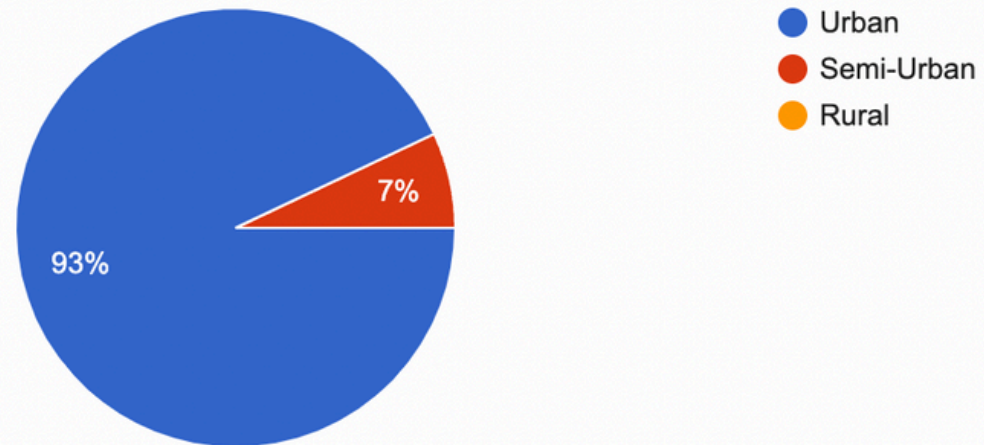
# SAMPLING AND SAMPLE CHARACTERISTICS

Sampling technique used: Convenience sampling.

Total sample size: 71 After Filtering: 70

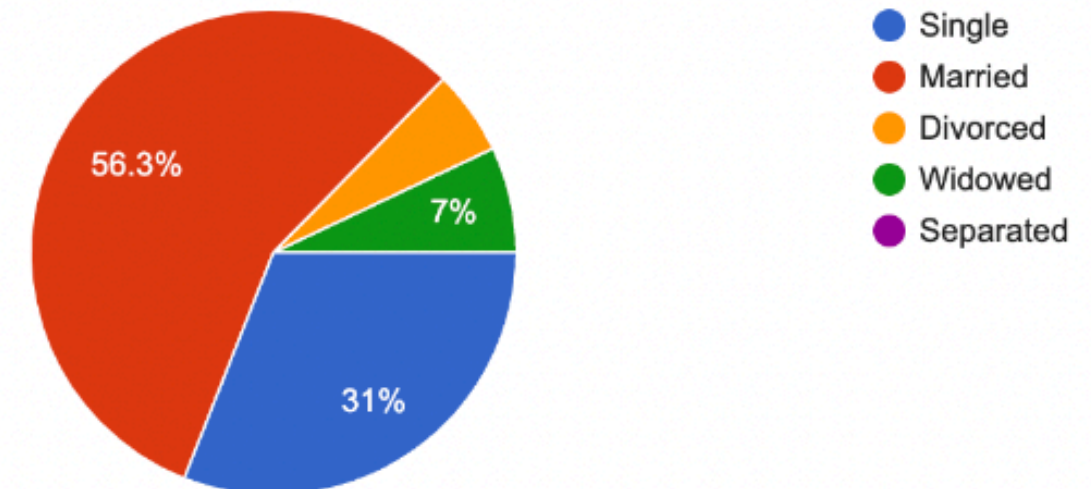
How would you classify the area you live in?

71 responses



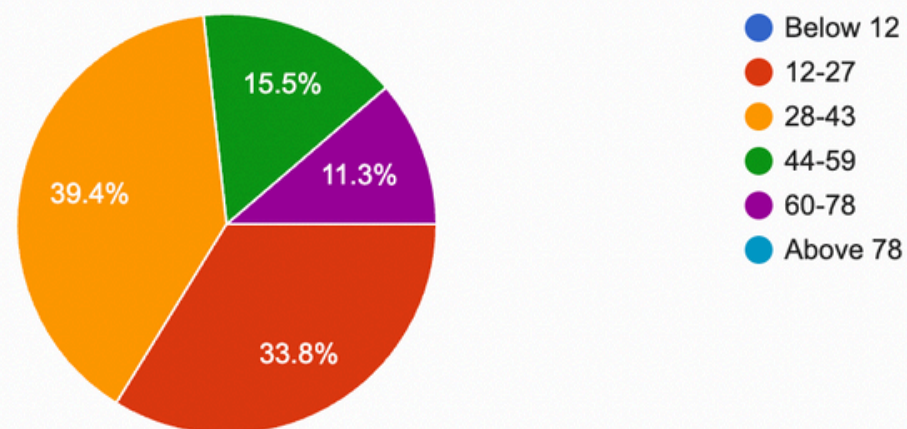
What is your marital status?

71 responses



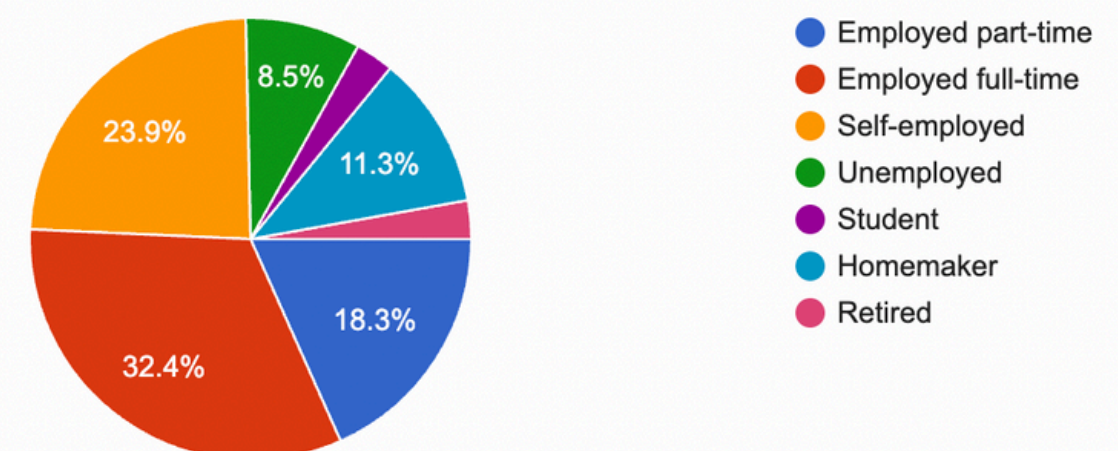
What is your age?

71 responses



What is your current employment status?

71 responses



# Results & Discussion

**Table 1: Independent t-test Analysis of Involvement in Financial Decision Making on the basis of various demographic variables**

	<b>Categories</b>	<b>n</b>	<b>Mean</b>	<b>SD</b>	<b>t</b>	<b>p</b>
<b>Age</b>	12-27	23	32.26	14.65	1.63	0.11
	28-43	28	26.54	10.43		
<b>Employment Status</b>	Employed	39	27.85	11.44	0.57	0.572
	Unemployed	31	26.06	14.79		
<b>Marital Status</b>	Married	40	25.93	12.25	-0.84	0.403
	Not Married	30	28.57	13.92		
<b>Income compared to Spouse</b>	Equal or Less	15	25.33	9.23	-2.7	0.012**
	More	13	35.46	10.63		

\*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$

**Table 2: ANOVA Table for Involvement in Financial Decision Making on the basis of Educational Equality (N=40)**

<b>Sources of Variation</b>	<b>SS</b>	<b>df</b>	<b>MS</b>	<b>F</b>	<b>p</b>
<b>Between Groups</b>	226.94	2	113.47	0.75	0.481
<b>Within Groups</b>	5627.83	37	113.47		
<b>Within Groups</b>	5627.83	37	152.1		
<b>Total</b>	5854.78	39			

\*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$



Tables 1 and 2 present the analysis of financial decision-making involvement scores across various demographic factors, including age, employment status, marital status, and educational attainment. The results indicate no significant differences in financial decision-making involvement based on these variables, leading to the acceptance of hypotheses H01, H02, H03, and H05. However, a significant difference was observed in financial decision-making involvement based on income in relation to one's spouse. Specifically, women who earn more than their spouses demonstrate significantly higher involvement in financial decision-making at home compared to women who earn the same or less than their partners. Consequently, hypothesis H04 is rejected.

This finding can be attributed to the societal structure in India, where financial empowerment, including the ability to make financial decisions, often hinges on surpassing the traditional role of the primary breadwinner, which enhances bargaining power [8]. The concept of male ego, which is frequently used to assert dominance over others, is closely tied to perceived superiority. This ego, which is cultivated through socialization processes that position men as unquestioned decision-makers, is sensitive to challenges to its authority. Economic responsibilities, such as securing employment, providing for the family, and making financial decisions, can further reinforce the male ego. As a result, men may find it difficult to cede control of these roles to others, including women, unless their position as the primary breadwinner is usurped. [9]

**Table 3: Regression Analysis of Impact of Self-Efficacy and Financial Knowledge on Financial Decision Making Involvement Score (N=70)**

Source	B	SE B	t	p
Constant	5.24	2.4	2.19	.032
Self-Efficacy	2.25	0.2	11.09	<0.001***
Financial Knowledge	-3.05	1.04	-2.92	0.005***
<b>R<sup>2</sup></b>	0.65			
<b>F</b>	61.69			

\*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$

The regression analysis in Table 3 highlights the influence of self-efficacy and financial knowledge on women's involvement in financial decision-making. The results indicate that self-efficacy plays a significant and positive role in financial decision-making, with a regression coefficient ( $B = 2.25$ ) and a highly significant p-value ( $p < 0.001$ ). In contrast, the relationship between financial knowledge and financial decision-making involvement is negative, with a coefficient of  $-3.05$  and a p-value of  $0.005$ , indicating statistical significance. This suggests that, paradoxically, as financial knowledge increases, women's involvement in decision-making decreases.

Self-efficacy refers to an individual's belief in their ability to succeed in specific tasks. Urban women with higher self-efficacy are more confident in managing financial decisions, leading to greater involvement. They are more likely to tackle complex financial problems, navigate risks, and seek out solutions, rather than withdrawing from the decision-making process, due to their resilience when faced with challenges or uncertainties. [10]

However, financial knowledge has a negative impact on the DV. One possible explanation for this could be that as urban women gain financial knowledge, they may become more aware of the complexities and risks of financial products, leading to caution or even avoidance behavior. This increased awareness can result in hesitation or reluctance to get involved in decision-making, as they may feel burdened by the extensive information they now possess. [11]

Ultimately, higher financial knowledge may not necessarily translate to confidence in financial decision-making. Women may be aware of financial principles but still lack the confidence or feel empowered enough to make decisions independently. This gap between knowledge and confidence could lead to less involvement despite being well-informed.

# Conclusion

# Implications

**Self-Efficacy:** Enhancing women's confidence in managing finances significantly increases their involvement in household financial decisions. Programs should integrate financial literacy with self-efficacy training.

**Economic Empowerment:** Women earning more than their spouses are more involved in decision-making. Policies that promote women's economic independence can help shift traditional household dynamics and support gender equality.

**Financial Knowledge:** Greater financial knowledge can sometimes lead to hesitation due to increased awareness of risks. Financial education programs should focus on both knowledge and building confidence to encourage active participation in decision-making.

# Limitations

- The relatively small sample size may affect the precision of the findings and limit the ability to generalize the results to a broader population.
- There is a potential for response bias, where participants may provide socially desirable answers rather than entirely truthful responses, which could impact the validity of the results.
- The study is confined to a specific geographical region, and the findings may not be applicable to other areas. Additionally, the research is limited by the specific variables chosen, potentially overlooking other influential factors.

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