

An Empirical Study on the Relationship Between Income Stability and Investment Decision-Making Among Working Women

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Abstract- This research paper explores the relationship between income stability and investment decision-making among working women, focusing on how consistent earnings influence financial behavior, risk tolerance, and long-term investment strategies. In the current economic environment, women are increasingly participating in the workforce, contributing significantly to household income and financial planning. However, their investment behavior is shaped not only by income level but also by the stability and predictability of that income. The study is empirical in nature and is based on both primary and secondary data sources. Primary data was collected through structured questionnaires distributed among working women from diverse professional backgrounds. Secondary data was collected from financial journals, reports by regulatory bodies, and previous academic studies. The findings reveal that income stability has a strong positive impact on investment confidence and diversification. Women with stable income tend to prefer long-term wealth creation instruments such as mutual funds, equities, and retirement plans, whereas those with fluctuating income focus on liquidity and safety through savings accounts and gold investments. The study highlights the importance of financial literacy, income security, and policy support in enhancing women's participation in financial markets.

Keywords: Income Stability, Investment Decision-Making, Working Women, Financial Behavior, Risk Appetite, Financial Planning.

I. INTRODUCTION

The role of women in the global economy has evolved significantly over the past few decades. With increased access to education and employment opportunities, women are becoming financially independent and actively participating in economic decision-making. This shift has brought attention to women's financial behavior, particularly in the area of investment.

Investment decision-making is a complex process influenced by multiple factors such as income level, financial knowledge, risk perception, and socio-economic conditions. Among these, income stability plays a critical role. Income stability refers to the consistency and reliability of income over time, which directly affects an individual's ability to plan and invest.

For working women, income stability can vary depending on employment type, career breaks, industry conditions, and organizational policies. Women working in permanent jobs may experience stable income, whereas those in freelance, contractual, or informal sectors often face income fluctuations.

This variability significantly impacts their investment decisions. Stable income provides confidence and allows individuals to invest in long-term instruments, while unstable income creates uncertainty, leading to conservative financial behavior.

This study aims to bridge the gap in understanding how income stability influences investment decision-making among working women, providing insights into financial behavior and suggesting ways to improve financial inclusion.

II. OBJECTIVES OF THE STUDY

The objectives of this study are designed to examine and analyze the relationship between income stability and investment decision-making among working women. These objectives provide a structured direction to the research and help in understanding key financial behaviors, preferences, and influencing factors. The study is divided into primary and secondary objectives to ensure a

comprehensive analysis of the topic.

2.1 Primary Objective

The primary objective of this study is to analyze the relationship between income stability and investment decision-making among working women.

This objective focuses on understanding how the consistency and predictability of income influence the financial choices made by working women. It aims to identify whether stable income leads to better financial planning, higher risk-taking ability, and a preference for long-term investment options. The study also examines how income instability may lead to conservative financial behavior and limited investment diversification.

2.2 Secondary Objectives

To support the primary objective, the following secondary objectives have been formulated:

1. To identify the preferred investment avenues among working women

This objective aims to analyse the various investment options chosen by working women, such as mutual funds, fixed deposits, gold, equities, and savings accounts. It helps in understanding which financial instruments are more popular and why certain options are preferred over others based on income patterns.

2. To analyze the impact of income stability on risk tolerance

This objective focuses on examining how stable or unstable income affects the willingness of women to take financial risks. It evaluates whether women with stable income are more open to investing in high-risk, high-return instruments compared to those with fluctuating income who may prefer safer options.

3. To evaluate the level of financial literacy among respondents

This objective aims to assess the knowledge and awareness of working women regarding financial products, investment strategies, and market behavior. It helps in understanding whether financial literacy

influences investment decisions and how it interacts with income stability.

4. To study the influence of socio-economic factors on investment decisions

This objective examines how factors such as age, education, occupation, income level, and family responsibilities affect investment behavior. It provides a broader perspective on how external conditions shape financial decision-making among working women.

5. To understand the role of financial planning in long-term wealth creation

This objective focuses on analyzing how working women plan their finances for future goals such as retirement, education, and emergencies. It highlights the importance of structured financial planning and its relationship with income stability.

III. LITERATURE REVIEW

Over the years, several studies have explored the financial behavior and investment patterns of individuals, with a growing focus on working women. Investment decision-making is influenced by multiple factors such as income level, financial literacy, risk perception, and socio-economic conditions. Among these, income stability has emerged as an important determinant affecting how individuals approach financial planning and investment.

Earlier research has consistently shown that women tend to be more cautious in their investment decisions compared to men. This cautious approach is often associated with lower risk tolerance and a preference for secure financial instruments. However, such behavior is not solely based on gender but is also influenced by economic conditions, particularly the stability of income. Individuals with predictable and consistent income are generally more confident in taking financial risks and are more likely to invest in long-term instruments.

Studies on financial literacy further highlight its role in shaping investment behavior. Women who possess better knowledge of financial products and market functioning tend to make more informed and

diversified investment decisions. Financial awareness not only improves confidence but also enables individuals to move beyond traditional saving methods and explore modern investment avenues such as mutual funds and equities.

Recent research indicates that the participation of women in financial markets has increased significantly due to greater financial independence, digital accessibility, and awareness programs. Despite this progress, certain challenges still persist. Many working women continue to prefer safer investment options, especially when their income is uncertain or irregular. Income instability often leads to a focus on short-term financial security rather than long-term wealth creation.

In addition, socio-economic factors such as age, occupation, education level, and family responsibilities also influence investment behavior. Women balancing professional and personal responsibilities may adopt more conservative financial strategies to ensure stability and security.

Overall, the existing literature suggests that while financial literacy and socio-economic conditions play important roles, income stability remains a key factor influencing investment decision-making. However, there is limited research that specifically examines the direct relationship between income stability and investment behavior among working women. This creates a need for further study in this area, which the present research aims to address.

Another important aspect highlighted in existing studies is the role of digital financial platforms in influencing investment behavior among working women. With the rise of mobile banking, online trading applications, and easy access to financial information, women are increasingly participating in investment activities. Digital platforms have simplified the investment process and reduced dependency on traditional financial advisors. However, despite this accessibility, income stability still determines the extent to which women are willing to actively invest and take financial risks.

Furthermore, research also emphasizes the influence of behavioral and psychological factors such as confidence, risk perception, and financial anxiety. Women with stable income tend to exhibit higher confidence in managing their finances and are more comfortable making independent investment decisions. In contrast, income uncertainty often leads to financial stress and cautious behavior, limiting their willingness to explore diverse investment opportunities. This indicates that psychological factors, combined with economic conditions, play a crucial role in shaping investment decision-making among working women.

IV. RESEARCH METHODOLOGY

4.1 Research Design

The present study is based on a descriptive and analytical research design.

The descriptive approach is used to understand and explain the financial behavior, investment preferences, and income patterns of working women. It helps in identifying trends and patterns in investment decision-making.

The analytical approach is used to examine the relationship between income stability and investment behavior. It involves interpreting the collected data to draw meaningful conclusions regarding how income consistency influences financial decisions.

This combination of descriptive and analytical research design provides a comprehensive understanding of the study.

4.2 Data Collection Methods

The study is based on both primary and secondary data sources to ensure a balanced and reliable analysis. Primary data has been collected through a structured questionnaire specifically designed to gather relevant information regarding income patterns, investment preferences, risk appetite, and financial awareness among working women. The questionnaire includes close-ended questions to ensure consistency and ease of analysis. It was distributed among respondents

belonging to different professional sectors such as information technology, education, healthcare, and banking, thereby ensuring diversity in the sample.

In addition to primary data, secondary data has been collected from various credible sources such as research journals, academic publications, reports from the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI), as well as financial articles and online resources. This secondary data has been used to support the theoretical framework of the study and to validate the findings obtained from primary data.

4.3 Sampling Design and Analysis Techniques

The study employs a convenience sampling method for selecting respondents, as it allows easy access to participants within the available time and resources. A total of 120 working women from different sectors and income groups have been included in the sample to ensure a reasonable representation of the target population. Although convenience sampling may limit the generalizability of the findings, it is suitable for exploratory and descriptive studies such as this.

The collected data has been analyzed using basic statistical and analytical techniques to derive meaningful insights. Percentage analysis has been used to understand the distribution of responses and identify trends in investment behavior. Comparative analysis has been applied to examine differences between respondents with stable and unstable income. The data has also been presented in tabular and, where applicable, graphical formats to enhance clarity and interpretation. These analytical techniques have helped in identifying patterns, relationships, and key findings related to income stability and investment decision-making.

V. DATA ANALYSIS AND FINDINGS

The analysis of the collected data provides meaningful insights into the relationship between income stability and investment decision-making among working women. The study reveals that a majority of respondents have relatively stable sources of income, while a significant portion still

experiences fluctuations in their earnings due to the nature of their employment. This variation in income stability plays a crucial role in shaping their financial behavior and investment preferences.

It has been observed that working women with stable income tend to exhibit a more structured and goal-oriented approach toward investment. They are more likely to allocate their funds across diversified financial instruments such as mutual funds, fixed deposits, and equity investments. This group demonstrates a higher level of financial confidence and a willingness to take moderate to high risks in order to achieve long-term financial growth. Their investment decisions are often guided by planned financial goals such as retirement, wealth creation, and future security.

In contrast, working women with unstable or irregular income show a more cautious approach toward financial decision-making. Their investment preferences are largely inclined toward safer and more liquid options such as savings accounts, gold, and recurring deposits. Due to uncertainty in income, they tend to prioritize financial security and immediate accessibility of funds over long-term returns. This conservative behavior limits their exposure to diversified investment opportunities and reduces their potential for higher returns.

The analysis also indicates a strong relationship between income stability and risk tolerance. Women with consistent income streams display greater willingness to explore investment opportunities with higher returns, whereas those with fluctuating income prefer low-risk alternatives. Additionally, financial planning practices such as maintaining emergency funds, purchasing insurance, and investing for retirement are more prevalent among women with stable income.

Another important finding of the study is the role of financial literacy in influencing investment behavior. Respondents with higher financial awareness, regardless of income stability, demonstrate better decision-making abilities and

are more likely to diversify their investments. However, income stability further enhances their ability to implement these financial strategies effectively.

Overall, the findings of the study establish that income stability significantly influences investment decision-making among working women. It not only affects the choice of investment instruments but also determines the level of risk-taking, financial confidence, and long-term planning behavior.

VI. DISCUSSION

The findings of the study highlight the significant role of income stability in shaping investment behavior among working women. Stable income provides financial security, which encourages individuals to invest in long-term financial instruments and take calculated risks.

Women with stable income are more likely to diversify their investments and focus on wealth creation. On the other hand, women with unstable income prioritize safety and liquidity, limiting their exposure to high-return investments.

The study also indicates that financial literacy plays a crucial role in investment decision-making. Women with better financial knowledge are more confident and capable of making informed decisions, regardless of income stability.

Thus, improving income stability and financial awareness can lead to better investment outcomes among working women.

VII. CONCLUSION

The present study examines the relationship between income stability and investment decision-making among working women. The findings clearly indicate that income stability plays a significant role in shaping financial behavior, influencing investment choices, risk tolerance, and long-term financial planning.

Working women with stable income exhibit higher financial confidence and are more inclined toward diversified and long-term investment options such as mutual funds, fixed deposits, and equities. Stable income provides a sense of security, enabling them to take calculated risks and focus on wealth creation rather than just short-term savings.

In contrast, women with unstable or fluctuating income tend to adopt conservative financial strategies. Their investment decisions are primarily focused on safety, liquidity, and immediate financial needs, leading to limited diversification and lower exposure to high-return investment opportunities.

The study also highlights the importance of financial literacy in improving investment decision-making. Women who possess better financial knowledge are more capable of managing risks, selecting appropriate investment instruments, and planning for long-term financial goals, regardless of income stability.

Overall, the research concludes that income stability and financial awareness together play a crucial role in empowering working women to make informed and effective investment decisions. Strengthening these factors can significantly enhance financial inclusion and economic participation among women.

VIII. RECOMMENDATIONS

Based on the findings of the study, the following recommendations are suggested to improve investment decision-making among working women:

1. **Enhancement of Financial Literacy Programs**
There is a strong need to promote financial education among working women. Workshops, seminars, and online learning platforms should be used to increase awareness about investment options, risk management, and financial planning.

2. **Promotion of Stable Employment Opportunities**
Employers and policymakers should focus on providing stable income structures, job security, and employee benefits. Stable income plays a critical role in enabling individuals to make long-term financial decisions.

3. Development of Women-Centric Financial Products
Financial institutions should design investment products specifically tailored to the needs of working women, considering factors such as income variability, risk preferences, and financial goals.

4. Encouraging Diversified Investment Portfolios
Working women should be encouraged to diversify their investments across different financial instruments to reduce risk and maximize returns. Awareness campaigns can help in promoting diversified investment strategies.

5. Use of Digital Financial Tools
Digital platforms and mobile applications can simplify investment processes and improve accessibility. Encouraging the use of such tools can help women manage their finances more efficiently.

6. Government Support and Policy Initiatives
Government policies should focus on promoting financial inclusion, reducing income inequality, and supporting women's employment. Initiatives such as tax benefits, subsidies, and financial schemes can motivate women to invest.

7. Long-Term Financial Planning Awareness
Women should be encouraged to plan for long-term financial goals such as retirement, children's education, and emergency funds. Systematic Investment Plans (SIPs) and insurance products can play a key role in achieving these goals.

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