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Women's Role in Household Financial Decisions Making: A Study of Perceptions and Practices

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ABSTRACT: The paper intends to analyse women's participation in household financial decision making, and explore the factors affecting the same as also the disparity in their perceived versus actual financial authority. Using primary data collected from 100 respondents in Pune, the study finds that the degree of participation by women in financial decision making is generally moderate and generally joint. Women take active part in operational activities of financial decision making like budgeting, and saving, while only marginal role is played by them in terms of important financial decision making such as property purchase and investment. Though women are considered as capable, yet it appears that there is a gap between practice and perception as many do not have separate financial authority. Education, Financial literacy, contribution in family income and social support are some factors that greatly affect women's participation. It concludes that active women participation enhances household financial decision making; however, empowerment of women demands increase in their financial literacy and independent role in financial decision making with favourable support structures.

KEYWORDS: Women Empowerment, Household Financial Decision-Making, Financial Literacy, Gender Equality, Decision-Making Authority, Socio-Cultural Factors.

I. INTRODUCTION

As far as family welfare and financial sustainability is concerned the participation of women in the household decision is becoming more significant. Due to patriarchal society women were hardly engaged in family financial management however as the result of increasing level of education, employment, and awareness now they are engaged in income contribution as well as participating in decision regarding household budgeting, saving, and investment, which ultimately led to make sensible long-term decision regarding financial issue of family. But as the participation of women is not equal due to social cultural values, financial knowledge, contribution towards income, resources access it varied, and this is evident in case of India also even though women have economic contribution, she does not have much financial autonomy. So, this study intends to investigate participation of women in the household financial decision, perceived and practiced.

II. STATEMENT OF THE PROBLEM

In spite of increasing education, consciousness and participation in labour force of the country, women's role in household financial decision making is uneven and unclear. Even though women contribute to the household income, their role in financial decision-making process is less in case of major decisions such as investments and long-term planning. One of the prominent issues is discrepancy in their perceived and actual decision-making role. Hence it is ambiguous as to what extent they actually decide about the household finance. Income, education, financial literacy, social and cultural factors continue to determine their decision-making role. Hence in the present study, this discrepancy has been analysed by the analysis of replies of men and women in Pune city.

III. REVIEW OF LITERATURE

It is mentioned by Bernasek and Bajtelsmit (2002) that women's participation in financial decisions is mainly determined by her education, contribution in cash to the household and her financial literacy. However, it has been found out that her participation is not completely independent of household and behavior.



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Kumar (2025) argued that economic status influences women's decision-making regarding finances. It was noticed that for women from wealthy families, their involvement in decision making is higher while low economic situation restricts woman from participating in the decision making.

Woman's family orientation, social norms, and risk perception are important determinants of woman's financial decision and behavioural and social determinants exert substantial impact on the woman's level of engagement, stated by Adams, Barber, & Odean (2016).

Kumari, Azam & Khalidah (2020) show that financial literacy is an important factor that helps woman in making decision on finance. The limitation caused by lack of awareness among women in particular in rural area is considered as a major challenge to women's financial independence.

Fletschner & Kenney (2011) stated that poor access to financial services may negatively influence woman's economic empowerment and decision-making ability. Limited access to financial services among women is one of the key factors of poor economic empowerment among women.

Gaps Identified in Existing Literature:

Inattention to the discrepancy between women's self-reported capabilities and their actual control over decision making. Few studies that compare whether women make financial decisions independent or participate. Lack of studies that examine economic, social and behavioural determinants jointly. Few contemporary, urban-based studies and household realities. Although financial literacy is investigated, there is no explicit link shown in women's decision-making power.

Objectives of the study:

- To analyse women involvement in decision making processes regarding household finances i.e. Budgets, savings, investments and expenditures.
- To understand women perception of the actual extent to which they are involved in the process of decision making and the difference between perceived and actual involvement.
- To analyse the effect of socio-economic variables like education, income in decision making power.
- To assess effect of financial literacy and socio-cultural constraints in the decision-making process of women.

IV. RESEARCH METHODOLOGY

1. **Research Design:** The study uses a descriptive research design to examine women's role in household financial decision making at both the conceptual and behavioral level.

2. **Target population:** Target population for the study is both men and women from urban households of Pune city with varied range of age groups, educational levels, professions (student, professional and non-professional) and income groups.

3. **Sample Size:** The study is based on 100 respondents as the sample size.

4. **Sampling technique:** A convenience sampling technique is utilized to select respondents who are readily available and interested to participate in the study.

5. **Data collection techniques:** Data would be gathered using primary sources and secondary sources. Primary data is collected through a structured questionnaire in Google Form and secondary data is collected through research papers, journals and various online sources which can aid to the study.

6. **Data analysis techniques and tools:** Data analysis will be conducted using the Microsoft Excel Various statistical methods such as percentage analysis, tabulation and construction of charts and graphs are used. In addition, reliability test, like Cronbach's Alpha is conducted for questionnaire.

7. **Ethical issues:** Participation in this survey is voluntary. The respondent is informed about the purpose of the study prior to beginning the questionnaire. All information collected will be confidential, anonymous, and only used for research purposes.

Data Collection:

Primary data was collected using a structured questionnaire that included twenty-two items on demographics, Financial Literacy, women's Involvement, Decision Making, Likert scale items on perception & practices, difficulties/problems and future intentions (qualitative open-ended items). Secondary data was obtained from various published research articles, academic journals, and industry reports.



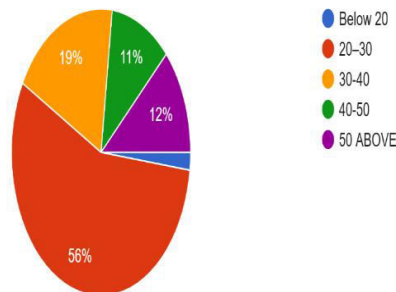
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Data Analysis: AGE GROUP:

Age Group	Frequency	Percentage
Below 20	2	2%
20-30	56	56%
30-40	19	19%
40-50	11	11%
50 Above	12	12%

AGE GROUP
100 responses



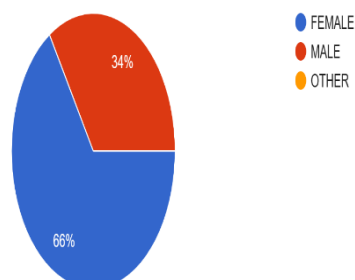
Interpretation:

Majority of the survey population (56%) lies between the age of 20-30, followed by 30-40 (19%) and with very small representation of age groups: below 20 (2%), 40-50 (11%) and above 50 (12%). This represents that the survey is largely contributed by young people, either stepping in their professional life or having just started taking their responsibility of their own financial matters. As such, these young adults are exposed to modern way of financial management and changing gender relations.

GENDER

Gender	Frequency	Percentage
Female	66	66%
Male	34	34%
Other	0	0%

GENDER
100 responses





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Interpretation:

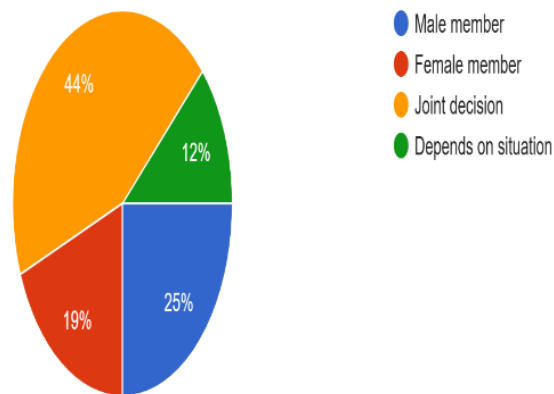
The respondents were 66% female and 34% male, with other categories not being represented. Due to the large proportion of females that responded the study's emphasis on women's viewpoint will therefore produce insightful results and perceptions about female involvement. The proportion of males however will enable for comparison and help in the understanding of their perspective.

PRIMARY DECISION MAKER IN HOUSEHOLD

Decision Makers	Frequency	Percentage
Male Member	25	25%
Female Member	19	19%
Joint Decision	44	44%
Depends On Situation	12	12%

(1) Who primarily makes financial decisions in your household?

100 responses



Interpretation:

The results indicates that joint decisions were made by members in 44% of households suggesting an increased reliance on shared decision-making on finance issues. It is still predominantly the men in the households in 25% of families, with 19% claiming women make the decision. In 12% of cases decisions made depend on the context. This indicates an increase in joint decision making and male dominance remains with many households.

EXTENT OF WOMEN'S INVOLVEMENT

Extent Level	Frequency	Percentage
Not involved at all 1	21	21%
2	33	33%
3	31	31%
4	11	11%
Highly involved 5	4	4%

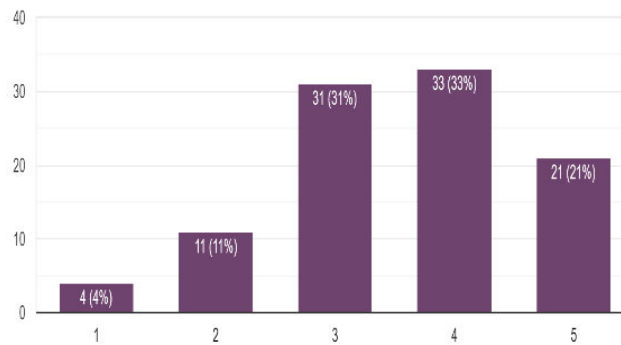


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(2) To what extent are women involved in financial decisions in your household?

100 responses



Interpretation:

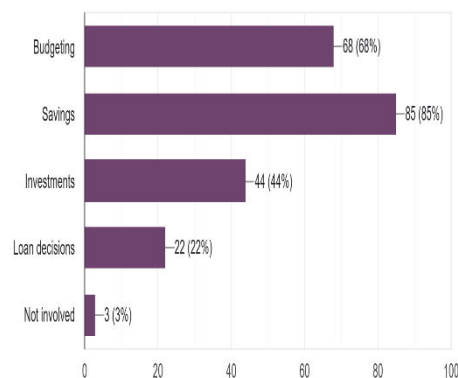
With regard to participation, responses are mostly cantered in the middle range. 33% opted for level 2, 31% for level 3. That is, moderate participation. A large proportion (21%) opted for very little participation (level 1) and just 4% for much participation (level 5). This would indicate that women participation in financial decisions exists, but at a moderate and not the leading level in most households.

AREAS OF FINANCIAL INVOLVEMENT

Areas	Frequency	Percentage
Budgeting	68	68%
Savings	85	85%
Investments	44	44%
Loan Decisions	22	22%
Not Involved	3	3%

(3) In which financial areas are women involved?

100 responses



Interpretation:

The percentage of women involvement in saving and budgeting (which are day-to-day activities of managing finance) is high, which are 85% and 68%. On the contrary, their involvement in investing and making loans is much lower (44%



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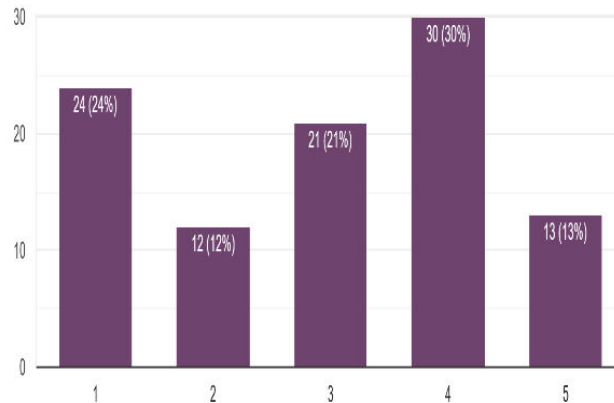
and 22% respectively). Women involvement is 3% who are no involvement at all. It is the same case with the financial skills, the most participation is in the managing finance.

WORKING WOMEN'S FINANCIAL INFLUENCE

Influence Rating	Frequency	Percentage
Strongly Agree 1	24	24%
Agree 2	12	12%
Neutral 3	21	21%
Disagree 4	30	30%
Strongly Disagree 5	13	13%

(6) Working women have more influence on household financial decisions.

100 responses



Interpretation: Approximately 36% of the sample (24% strongly agree and 12% agree) felt that working women possess more decision-making power, thereby inferring that earning potential may translate to enhanced decision-making ability. Conversely, a higher percentage of the sample, 43% (30% disagree and 13% strongly disagree), felt that working women did not hold greater decision-making power; 21% of the respondents remained neutral. The responses appear to illustrate that working does not necessarily mean holding the authority on financial decisions.

EXTENT OF CONSULTATION BEFORE MAJOR DECISIONS

Consultation Extent	Frequency	Percentage
Never Consulted 1	8	8%
Rarely Consulted 2	9	9%
Neutral 3	33	33%
Consulted Sometimes 4	37	37%
Always Consulted 5	13	13%

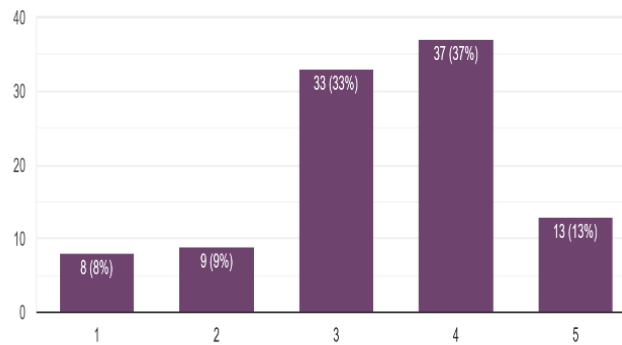


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(8) To what extent are women consulted before making major financial decisions?

100 responses



Interpretation:

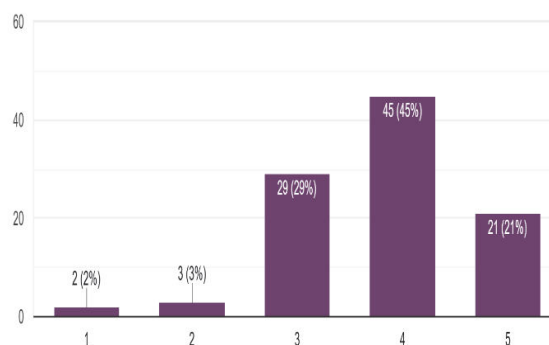
Most respondents are found at the top end; with 37% being level 4 and 13% say they are always consulted. This implies that in most cases women are always involved when a large decision regarding finances are to be made, however with 17% of respondents being at the lower end of the scale (level 1 & 2), this clearly does not hold true for all homes, where women appear to be absent from or barely included in discussions, and the 33% of the level mid-way would appear to have consults only on occasion.

LEVEL OF FINANCIAL LITERACY

Levels	Frequency	Percentage
Very Low 1	2	2%
Low 2	3	3%
Neutral 3	29	29%
High 4	45	45%
Very High 5	21	21%

(10) Rate the level of financial literacy among women in your household

100 responses



Interpretation: More than half of the respondents rated the financial literacy of women to be moderate to very high. The percentage of respondent in 4 (moderate to high level of financial literacy) and very high categories were 45 and 21% respectively. Only 5% of the respondents fall into the low categories. Overall, women appear to have moderate to good level of financial literacy (especially on basic concepts); however, the significant part of the respondents fall within middle level, so some part can still be improved especially in complex areas.



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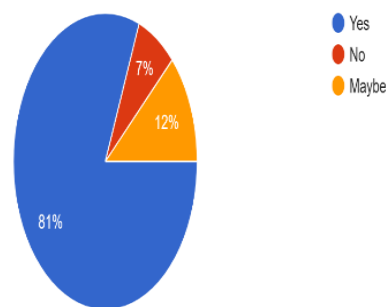
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NEED FOR FINANCIAL EDUCATION

Need	Frequency	Percentage
Yes	81	81%
No	7	7%
Maybe	12	12%

(15) you think women should receive more financial education?

100 responses



Interpretation:

As is clearly stated above, an overwhelming amount (81%) of women surveyed believe that women should be exposed to more financial education, with a minuscule minority not holding this view. This shows that women acknowledge the vital need for knowledge and constant education to increase the financial competency.

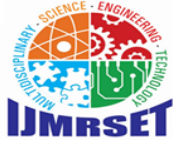
V. FINDINGS

- Financial participation is largely joint though independent decision-making ability is low.
- Their involvement is more in budgeting and savings, whereas for investment and critical financial decisions participation is low.
- Perception and reality don't coincide; women are perceived to be equally capable though practice says otherwise.
- Involvement in financial decision-making is to a large extent a function of family support. Financial literacy among women is at moderate level, knowledge on complex issues being less.
- Employment is a function of women's participation, though equal decision-making power cannot be ensured due to prevailing socio-cultural norms.
- Women's financial involvement brings positive outcomes such as enhanced saving, budgeting, and household well-being.

VI. CONCLUSION

The study concludes that women are becoming increasingly involved in household financial decision-making, mainly through joint decisions, but their independent control is minimal. Women are mainly involved in operational financial tasks like budgeting and saving, while their participation is minimal on decisions concerning significant financial areas, i.e., investments and borrowing. This a contradiction is apparent between favourable views about women's competence and the control that they have on the decisions.

In addition, the study draws the attention to the contribution of support by family, education, employment, and financial literacy on women's engagement. Even though women have the mean level of financial literacy, that level could be enhanced through training, confidence, and increased independence in decision-making, as increased decision-making on finance enhances households' welfare. Thus, to achieve women independence more, changes of knowledge, skills, and environment, and therefore equity must exist



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