

EMPOWERING WOMEN THROUGH FINANCE: A FACTOR ANALYTICAL STUDY OF INVESTMENT PREFERENCES, LOAN UTILIZATION, AND FINANCIAL ATTITUDES OF WORKING WOMEN

Dr.D.Padma, Associate Professor B.Com (PA), Nallamuthu Gounder Mahalingam College (Autonomous), Pollachi : padvijaya@gmail.com, drpadma@ngmc.org

Abstract

This study explores the financial behavior of working women in Pollachi, a semi-urban region in Tamil Nadu, focusing on three key dimensions: investment preferences, loan utilization, and financial attitudes. As financial independence among women continues to grow, their approach to managing money remains shaped by socio-economic conditions, cultural norms, and risk aversion. Using a descriptive research design, the study collected primary data from 181 respondents through structured questionnaires. The analysis revealed a strong preference for low-risk investment avenues such as bank deposits, gold, and post office savings. Loan utilization patterns indicated moderate engagement with formal credit systems, with housing and jewelry loans being the most commonly availed. To understand the psychological and behavioral aspects of financial decision-making, the study employed Principal Component Analysis (PCA) to extract factors contributing to financial attitudes. Four distinct components emerged: debt management, income security, spending behavior, and long-term financial planning. The findings underscore the need for targeted financial literacy and inclusion initiatives that address the unique financial profiles of working women in semi-urban India.

Keywords: Working women, investment preferences, loan utilization, financial attitudes, risk aversion, financial literacy, Pollachi, factor analysis

1. Introduction

Women play a pivotal role in household financial management, often demonstrating a nuanced ability to balance risk and security in their investment and borrowing decisions. As financial independence among working women continues to rise, their choices regarding savings, investments, and debt reflect a complex interplay of socio-economic conditions, cultural norms, and individual risk tolerance. Despite increasing participation in the workforce, many women remain cautious in their financial strategies, favoring stability over high returns.

Empirical evidence supports this trend. Mishra and Dash (2019) found that women tend to prefer low-risk investment avenues, a pattern that persists across various regions, including semi-urban areas such as Pollachi. In these settings, working women often navigate financial decisions within the constraints of limited access to financial literacy resources, traditional gender roles, and evolving economic responsibilities.

This study investigates the financial behavior of working women in Pollachi, focusing on three core dimensions: investment preferences, loan utilization, and financial attitudes. Through a structured analysis of survey data, the research aims to uncover the underlying factors that shape financial decision-making among this demographic. The findings offer valuable insights into the strategies employed by women to manage financial risk, optimize resource allocation, and achieve economic resilience in a semi-urban context.

2. Objectives of the Study

1. To examine the investment preferences of working women in Pollachi, including their choice of financial instruments and risk tolerance.
2. To assess the patterns of loan utilization among respondents, focusing on borrowing purposes, sources, and repayment behavior.
3. To identify the underlying factors that shape financial attitudes through the application of factor analysis.

4. To derive actionable insights for enhancing financial literacy and promoting inclusive financial practices tailored to the needs of working women.

3. Methodology

This study adopted a descriptive research design to systematically investigate the financial behavior of working women in Pollachi. The objective was to capture and analyze patterns related to investment preferences, loan utilization, and financial attitudes within a semi-urban context.

Primary data was collected using a structured questionnaire administered to a sample of 181 working women across various occupational sectors, including education, healthcare, retail, and small-scale entrepreneurship. The sampling method ensured representation across age groups, income levels, and educational backgrounds to enhance the reliability and generalizability of the findings.

The questionnaire comprised multiple sections. The first section gathered demographic information such as age, marital status, educational qualification, monthly income, and employment type. The second section focused on investment preferences, including the types of financial instruments chosen (e.g., fixed deposits, mutual funds, insurance, gold), frequency of investment, and perceived risk tolerance. The third section explored loan utilization patterns, capturing data on borrowing sources (formal and informal), loan purposes (e.g., education, housing, business), repayment behavior, and access to credit facilities.

The final section assessed financial attitudes using a series of statements rated on a five-point Likert scale ranging from "strongly disagree" to "strongly agree." These statements measured constructs such as financial planning, confidence in financial decision-making, risk aversion, and awareness of financial products.

Data analysis included descriptive statistics to summarize key trends, cross-tabulations to explore relationships between variables, and factor analysis to identify latent dimensions influencing financial attitudes. The study's methodological framework enabled a comprehensive understanding of how working women in Pollachi navigate financial decisions within their socio-economic environment.

4. Analysis and Interpretation

Table 1 : Types of Investments Made – (Multiple Responses)

| Combination of Types | Number of Respondents | Combination of Types | Number of Respondents |
|-----------------------------------|-----------------------|--|-----------------------|
| Bank Deposit | 150 | Bank Deposit & Gold | 80 |
| Chit Fund | 70 | Bank Deposit & Chit Fund | 60 |
| Gold | 120 | Bank Deposit & Land | 55 |
| Land | 90 | Bank Deposit & Post Office Saving | 75 |
| Post Office Savings | 110 | Gold & Land | 50 |
| Bank Deposit, Chit Fund | 40 | Post Office Saving & Land | 60 |
| Bank Deposit, Gold | 80 | Bank Deposit, Gold & Land | 30 |
| Bank Deposit, Land | 55 | Bank Deposit, Gold & Post Office Savings | 45 |
| Bank Deposit, Post Office Savings | 75 | Bank Deposit, Land & Post Office Savings | 35 |
| Chit Fund & Gold | 35 | Chit Fund, Gold & Share Market | 25 |
| Gold & Share Market | 40 | Chit Fund, Share Market & Land | 20 |

| Combination of Types | Number of Respondents | Combination of Types | Number of Respondents |
|----------------------------------|-----------------------|--|-----------------------|
| Gold, Post Office Savings & Land | 50 | Bank Deposit, Chit Fund, Gold & Land | 15 |
| Share Market & Land | 25 | Post Office Savings, Gold, Land | 30 |
| Chit Fund, Share Market | 20 | Chit Fund, Gold, Post Office Savings, Land | 10 |

Table 1 reveals diverse investment behaviors among working women in Pollachi, with a strong preference for traditional and low-risk financial instruments. Bank deposits emerged as the most commonly chosen investment avenue, with 150 respondents indicating their reliance on this secure and accessible option. This preference reflects a conservative financial approach, consistent with prior research suggesting risk aversion among women investors.

Gold also featured prominently, with 120 respondents investing in this tangible asset, often perceived as a safe haven and a culturally significant form of wealth preservation. Post office savings attracted 110 respondents, underscoring the appeal of government-backed schemes that offer moderate returns with minimal risk. Land investments were reported by 90 respondents, indicating a long-term asset-building strategy, particularly among those with higher income levels or aspirations for property ownership. Chit funds, though informal and riskier, were chosen by 70 respondents, suggesting trust in community-based financial systems and the need for flexible liquidity.

The data also highlights various combinations of investment types, reflecting a layered approach to financial planning. For instance, 80 respondents invested in both bank deposits and gold, while 75 combined bank deposits with post office savings. These combinations suggest a strategy of diversification within low-risk categories. Notably, 60 respondents reported investing in both bank deposits and chit funds, and another 60 combined post office savings with land, indicating a mix of formal and informal instruments tailored to individual financial goals.

More complex combinations, such as bank deposits, gold, and land (30 respondents), or bank deposits, gold, and post office savings (45 respondents), demonstrate a broader asset allocation strategy among a subset of women with greater financial awareness or disposable income. A smaller group of respondents (25) reported investing in chit funds, gold, and the share market, indicating a willingness to engage with higher-risk instruments. However, only 10 respondents reported investing across chit funds, gold, post office savings, and land, suggesting that comprehensive diversification remains limited.

Overall, the investment patterns reflect a cautious yet adaptive financial behavior among working women in Pollachi. While traditional instruments dominate, the presence of multi-asset combinations indicates a growing awareness of diversification and financial planning. These findings underscore the importance of targeted financial literacy programs that can further empower women to make informed investment decisions aligned with their risk profiles and long-term goals.

Loan Utilization

Table 2: Loan Data Summary

| Loan Type | Loans Availed | Loans Not Availed | Total Respondents |
|-------------------|---------------|-------------------|-------------------|
| Housing Loan | 61 | 120 | 181 |
| Personal Loan | 56 | 125 | 181 |
| Jewelry Loan | 63 | 118 | 181 |
| Vehicle Loan | 56 | 125 | 181 |
| Agricultural Loan | 22 | 159 | 181 |
| SHG Loan | 11 | 170 | 181 |

Table 2 presents loan utilization among working women in Pollachi, offering insights into the types of credit accessed and the extent of borrowing across various financial categories. The data reveals a moderate level of engagement with formal credit systems, with housing, jewellery, and

personal loans being the most commonly availed. Housing loans were utilized by 61 respondents, indicating a significant interest in long-term asset creation and home ownership. This suggests that some working women are financially positioned to invest in real estate, possibly supported by dual incomes or family contributions. Jewelry loans, availed by 63 respondents, reflect the cultural and financial value placed on gold in the region. These loans are often secured against gold assets and may serve short-term liquidity needs, especially during emergencies or social obligations. Personal loans and vehicle loans were each availed by 56 respondents, pointing to a balanced use of credit for consumption and mobility. These loans typically support lifestyle improvements and may be indicative of growing aspirations among semi-urban working women. However, the relatively modest uptake suggests cautious borrowing behavior, possibly influenced by repayment concerns or limited access to formal banking channels.

Agricultural loans were accessed by only 22 respondents, highlighting the limited involvement of working women in direct agricultural activities or land ownership. This low figure may also reflect gendered barriers in accessing farm-related credit or the urbanizing nature of Pollachi's workforce. Similarly, Self-Help Group (SHG) loans were availed by just 11 respondents, despite the widespread presence of SHGs in rural and semi-urban Tamil Nadu. This could indicate underutilization of community-based microfinance options or a lack of awareness about SHG lending mechanisms among employed women.

Overall, the data suggest that while working women in Pollachi engage with formal credit systems, their borrowing patterns remain conservative. The preference for secured loans such as housing and jewelry loans, combined with low participation in agricultural and SHG lending, underscores the need for targeted financial education and inclusive credit policies. Enhancing access to diverse loan products and improving financial literacy could empower more women to leverage credit for personal and economic advancement.

Factors Contributing to Financial Attitude (Factor Analysis)

- To identify the underlying dimensions that shape the financial attitudes of working women in Pollachi, the study employed factor analysis using the Principal Component Analysis (PCA) technique. This statistical method enabled the extraction of latent constructs from a set of observed variables, offering a structured understanding of the behavioral and cognitive elements influencing financial decision-making.
- Respondents evaluated eleven key statements related to their financial behavior and mindset. These statements included: comfort with current debt levels, aversion to high debt, possession of multiple income sources, maintenance of an emergency fund covering at least three months of expenses, proactive efforts to increase income, confidence in managing income effectively, full monthly repayment of credit card balances, tendency toward impulsive purchases, regular saving habits, pursuit of clear financial goals, and routine review and adjustment of financial plans.
- Each statement was rated on a five-point Likert scale ranging from "strongly disagree" to "strongly agree," allowing for nuanced measurement of individual attitudes. The PCA technique facilitated the grouping of these variables into coherent factors, each representing a distinct aspect of financial attitude—such as financial discipline, planning orientation, income management, and risk behavior.
- The results of the factor analysis revealed meaningful patterns in how working women perceive and manage their finances. For instance, factors related to debt aversion and emergency preparedness reflected a cautious and risk-averse mindset, while variables associated with goal-setting and income diversification indicated a proactive and growth-oriented financial outlook.
- By applying PCA, the study uncovered the multidimensional nature of financial attitudes, highlighting the interplay between behavioral tendencies and strategic financial planning. These insights contribute to a deeper understanding of the financial psychology of working women and offer valuable implications for designing targeted financial literacy programs that address specific attitudinal profiles.

Table 3: Financial Attitude (Factor Analysis)

| Rotated Component Matrix^a | | | | | |
|--|------------------|----------|----------|----------|----------------------|
| | Component | | | | Communalities |
| | 1 | 2 | 3 | 4 | |
| I feel comfortable with my current level of debt. | .884 | .114 | .122 | -.015 | .810 |
| I avoid carrying high levels of debt. | .733 | -.027 | .136 | -.044 | .559 |
| I have multiple sources of income. | .232 | .809 | .256 | .186 | .809 |
| I have an emergency fund that can cover at least three months of expenses. | .367 | .759 | -.265 | .052 | .784 |
| I actively seek ways to increase my income | -.331 | .715 | .293 | -.151 | .730 |
| I feel confident in my ability to manage my income effectively | -.197 | .534 | .035 | .419 | .500 |
| I pay off my credit card balances in full each month | .024 | .096 | .932 | -.118 | .893 |
| I often make impulsive purchases | .239 | .111 | .772 | .246 | .725 |
| I regularly save a portion of my income | .451 | -.005 | .527 | .494 | .726 |
| I have clear financial goals that I am working towards. | .461 | .113 | .055 | -.752 | .793 |
| I regularly review and adjust my financial plans | .216 | .312 | .131 | .695 | .644 |
| Eigen Value | 3.215 | 1.961 | 1.552 | 1.245 | |
| Percent of Variance | 29.223 | 17.830 | 14.109 | 11.321 | |
| Cumulative Variance | 29.223 | 47.053 | 61.163 | 72.484 | |
| Extraction Method: Principal Component Analysis. | | | | | |
| Rotation Method: Varimax with Kaiser Normalization. | | | | | |
| a. Rotation converged in 6 iterations. | | | | | |

- Table 3 presents the results of a Principal Component Analysis (PCA) with Varimax rotation, conducted to identify the underlying dimensions of financial attitude among working women in Pollachi. The rotated component matrix reveals four distinct components that collectively explain 72.48% of the total variance in the data, indicating a robust factor structure.
- **Component 1**, which accounts for 29.22% of the variance, primarily captures attitudes toward debt management. High loadings are observed for the statements “I feel comfortable with my current level of debt” (.884) and “I avoid carrying high levels of debt” (.733), suggesting that this factor reflects a conscious awareness and control over personal debt. The strong communalities (.810 and .559, respectively) indicate that these variables are well represented by this component.
- **Component 2**, explaining 17.83% of the variance, centers on income security and financial resilience. Items such as “I have multiple sources of income” (.809), “I have an emergency fund that can cover at least three months of expenses” (.759), and “I actively seek ways to increase my income” (.715) load significantly on this factor. These responses reflect a proactive and diversified approach to income generation and financial preparedness. The communalities for these items are notably high, ranging from .730 to .809, underscoring their relevance to this component.

- **Component 3**, contributing 14.11% of the variance, relates to spending behavior and short-term financial discipline. The statements “I pay off my credit card balances in full each month” (.932) and “I often make impulsive purchases” (.772) load heavily on this factor, indicating a tension between disciplined repayment and impulsive spending. The item “I regularly save a portion of my income” also shows moderate loading (.527), suggesting that this component captures both saving habits and consumption tendencies. Communalities for these items are strong, particularly for credit card repayment (.893) and impulsive purchases (.725).
- **Component 4**, which explains 11.32% of the variance, reflects long-term financial planning and goal orientation. High loadings are observed for “I have clear financial goals that I am working towards” (-.752) and “I regularly review and adjust my financial plans” (.695). These items suggest a strategic mindset focused on future financial outcomes. The communalities (.793 and .644) confirm the significance of these variables within this component.
- The eigenvalues for the four components—3.215, 1.961, 1.552, and 1.245—exceed the threshold of 1.0, validating their retention in the model. The cumulative variance of 72.48% indicates that the extracted components effectively capture the multidimensional nature of financial attitudes among the respondents.
- Overall, the factor analysis reveals that working women in Pollachi exhibit distinct financial attitudes shaped by debt management, income diversification, spending behavior, and long-term planning. These insights provide a valuable foundation for designing targeted financial literacy programs that address specific behavioral patterns and promote holistic financial well-being.

5. Findings

The study yielded several key findings across the three dimensions of financial behavior:

- **Investment Preferences:** Bank deposits were the most preferred investment avenue, chosen by 150 respondents, followed by gold (120) and post office savings (110). Many respondents diversified their investments within low-risk categories, combining instruments such as bank deposits and gold, or bank deposits and post office savings. High-risk options like the share market were selected by only a small fraction, indicating a conservative investment approach.
- **Loan Utilization:** Housing loans (61) and jewelry loans (63) were the most frequently availed, reflecting asset-building and short-term liquidity needs. Personal and vehicle loans were each accessed by 56 respondents. Agricultural and SHG loans had the lowest uptake, suggesting limited engagement with community-based or sector-specific credit options.
- **Financial Attitudes:** Factor analysis revealed four principal components:
- **Debt Management** – Comfort with current debt levels and aversion to high debt.
- **Income Security** – Multiple income sources, emergency funds, and proactive income generation.
- **Spending Behavior** – Credit card repayment discipline, impulsive purchases, and saving habits.
- **Long-Term Planning** – Goal-setting and regular financial plan adjustments.
- These components collectively explained 72.48% of the variance in financial attitudes, indicating a multidimensional and structured approach to financial decision-making among respondents.

Discussion

The financial behavior of working women in Pollachi reflects a blend of traditional values, cautious risk management, and emerging financial awareness. The dominance of low-risk investment instruments such as bank deposits and gold aligns with cultural preferences and a desire for financial security. The limited engagement with high-risk assets like equities suggests a need for enhanced financial literacy that demystifies complex investment products and encourages informed risk-taking. Loan utilization patterns reveal a moderate reliance on formal credit, primarily for housing and jewelry, which are both culturally and economically significant. The low uptake of agricultural and

SHG loans points to structural barriers or lack of awareness, particularly in sectors where women may not have direct ownership or decision-making authority. The factor analysis of financial attitudes provides deeper insight into the psychological dimensions of money management. The emergence of components related to debt control, income diversification, disciplined spending, and strategic planning suggests that working women are increasingly adopting structured financial behaviors. However, the presence of impulsive spending alongside disciplined saving indicates a tension between short-term gratification and long-term financial goals.

These findings highlight the importance of designing financial inclusion programs that are contextually relevant and gender-sensitive. Policymakers, financial institutions, and educators must collaborate to create accessible financial education platforms, promote diversified investment strategies, and expand credit access tailored to the needs of semi-urban working women. By addressing both behavioral and structural challenges, such initiatives can foster greater financial empowerment and resilience among this vital demographic.

6. Conclusion

This study provides a comprehensive analysis of the financial behavior of working women in Pollachi, focusing on their investment preferences, loan utilization patterns, and financial attitudes. The findings reveal that while financial independence among women is steadily increasing, their financial decisions remain largely shaped by socio-cultural norms, economic constraints, and a cautious approach to risk.

Investment behavior is predominantly conservative, with a strong preference for secure and traditional instruments such as bank deposits, gold, and post office savings. The limited engagement with high-risk avenues like the share market underscores a persistent risk aversion, which may stem from limited financial literacy, lack of exposure, or cultural conditioning. However, the presence of diversified low-risk investment combinations suggests a growing awareness of portfolio management, even within a risk-averse framework. Loan utilization patterns indicate moderate participation in formal credit systems, with housing and jewelry loans being the most commonly availed. These choices reflect both aspirational and practical financial needs. The low uptake of agricultural and SHG loans points to structural limitations, such as restricted access, lack of awareness, or gendered barriers in credit markets. The factor analysis of financial attitudes reveals four distinct dimensions—debt management, income security, spending behavior, and long-term financial planning. These components highlight a complex and evolving financial mindset among working women, characterized by both discipline and occasional impulsivity. The presence of clear financial goals and regular plan adjustments suggests a shift toward strategic financial behavior, even as challenges in income stability and credit access persist.

In conclusion, working women in Pollachi demonstrate a cautious yet increasingly structured approach to financial management. Their behavior reflects a balance between traditional financial practices and emerging economic aspirations. To support this transition, targeted financial literacy programs, inclusive credit policies, and culturally sensitive financial products are essential. Empowering women with the knowledge, tools, and access they need will not only enhance individual financial well-being but also contribute to broader socio-economic development in semi-urban India.

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