

Factors Influencing the Financial Decisions of Working Professionals in Kolhapur City.

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ABSTRACT

Financial decisions play an important role in shaping individuals financial security and stability, particularly among working professionals who must carefully manage both present needs and future aspirations. In a rapidly developing economy like India, where a large proportion of the population consists of salaried employees and professionals, financial planning has become increasingly important. Rising living standards, persistent inflation, and economic uncertainties have made it essential for individuals to adopt systematic saving habits and make informed financial decisions. Kolhapur City in Maharashtra represents a growing urban center with a diverse group of working professionals, including teachers, engineers, doctors, bankers, IT employees, and entrepreneurs. These individuals belong to varied income groups and exhibit different levels of financial awareness, risk tolerance, and investment preferences. Such diversity makes it important to understand how financial decisions are shaped in a semi-urban context. The present study focuses on factors influencing the financial decisions of working professionals in Kolhapur City. It focuses on how personal, economic, and social factors shape their financial choices and explores the challenges they face when making those decisions. The findings may help identify areas where improved financial awareness and planning support could contribute to more informed financial decision-making.

Keywords: Financial Decision Making, Financial stability, Savings, Investment, working professionals, Financial Security, Financial Planning

1. INTRODUCTION

Financial decisions play an important role in shaping individuals financial security and stability, particularly among working professionals who must carefully manage both present needs and future aspirations. Savings and financial decisions are not only crucial for fulfilling current needs for a working professional but also ensure long-term financial security. In developing economies like India, which have a huge share of income earners consisting of the salaried and professional class, there is an emerging challenge of balancing current consumption with future financial security amidst continuously rising living costs, inflation, and increasing uncertainty. Kolhapur City is an emerging urban center in Maharashtra, with professionals in various fields like teachers, engineers, doctors, bankers, IT employees, and entrepreneurs, with different strata of income, risk tolerance, and awareness of investment. Their saving habits and investment behavior show, indeed, the way financial decisions are made and factors influencing these. The present study attempts to analyze the Factors Influencing the Financial Decisions of Working Professionals in Kolhapur City to know the pattern of savings, preferred avenues of investment, influencing factors in the choice of investment, and challenges faced by working professionals in taking financial decisions. The broad objective of the present study thus would be to focus on how far the findings of the study shall be useful in developing better financial literacy that helps in encouragement towards balanced investment among working professionals.

2. LITERATURE REVIEW

Shenbagavalli, R., Ramachandran, T., Ponniah, V. M., & Senthilkumar, S. (2015)¹ conducted an empirical study on the saving and investment behaviour of individual households in Tamil Nadu. The study revealed that demographic factors such as age, occupation, and income significantly influence saving objectives and investment preferences. It also found that female investors are more disciplined savers but tend to be risk-averse. Krishna Kumari, V. (2018) examined the savings and investment behaviour of working women in Chennai City and found that a majority of women prioritize savings for retirement, children's education, and asset creation. The study emphasized the need for awareness of diverse investment avenues to support informed decision-making. Dhawan,

D., & Mehta, S. K. (2019) analyzed the saving and investment patterns of individuals in Jammu and Kashmir. The findings revealed a significant relationship between income and saving behaviour, with investors preferring safe, liquid, and tax-beneficial investment options. Ganapathi, R., & Madhavan, V. (2020) studied household saving and investment behaviour during the COVID-19 lockdown in Bangalore. The study identified age, occupation, and income as major factors influencing saving objectives and preferred investment avenues during the pandemic period. Singh, S., & Mittal, I. (2021) examined the saving and investment behaviour of rural households in Haryana. The study reported low financial literacy and a strong preference for bank and post-office savings due to perceived safety and security. Sudarshini, & Mallika, N. (2021) analyzed the saving and investment patterns of teaching professionals at Mangalore University. The study highlighted the importance of financial planning for improving both personal well-being and professional efficiency. Sujith, C. (2021) investigated the saving and investment behaviour of salaried individuals in the Kannur district of Kerala. The findings indicated a preference for tax-saving schemes and life insurance policies, with demographic variables significantly influencing investment decisions. Basha, M., Kethan, M., Jaggaiah, T., & Khizerulla, M. (2022) studied the financial literacy and investment behaviour of IT professionals in Bengaluru. The results showed that financial literacy, risk perception, and demographic characteristics significantly influence investment choices, with a preference for safer investment avenues. Bharath, A., & Vidya, R. (2023) examined the investment behaviour of working women in Bengaluru North. The study found mutual funds and gold to be the most preferred investment options, driven mainly by tax-saving and wealth-creation motives. Dakshayani, G. N. (2023) analyzed the saving habits and investment behaviour of municipal contractual laborers in Karnataka. The findings revealed low saving capacity, high risk aversion, and reliance on traditional saving instruments due to low income and limited financial knowledge. Gupta, S. (2023) conducted an empirical investigation into the financial literacy, saving, and investment behaviour of IT professionals in India. The study established financial literacy as a strong predictor of saving and investment decisions. Drishya, S. R., & Dharmaraj, A. (2024) examined the saving and investment behaviour of rural households in Ernakulam District, Kerala. The study reported limited awareness of investment avenues and a dominant preference for bank deposits. Bhattacharjee, S., Laskar, S., & Laskar, H. R. (2024) analyzed the saving and investment behaviour of working-class people in Assam. The study found that demographic variables significantly influence investment decisions, with a strong inclination towards physical assets. Rakshitha, N., & Suresh, R. V. (2024) explored age-related differences in financial and investment behaviour among working professionals and found statistically significant variations across age groups. Bagama, I. (2024) examined the relationship between financial literacy and investment behaviour among millennials. The study concluded that higher financial literacy leads to proactive investment behaviour and better portfolio diversification. Risal, N., Pandey, D. L., & Shrestha, R. (2024) studied household saving and investment practices in Nepal and found that financial literacy and personal factors have a significant positive influence on saving and investment behaviour. Stephen, T., & Jose, C. M. (2024) investigated the saving and investment behaviour of IT sector employees in Ernakulam District. The study revealed a preference for mutual funds, provident funds, and term deposits, with investment decisions influenced by age, income, and financial literacy. Uy, C., Manalo, R. A., & Bayona, S. P. (2024) examined the determinants of saving behaviour among working professionals from an intergenerational perspective. The study found that saving motives and determinants vary significantly across generations. Joghee, V. M., K. N. Usha, Patel, B., Rane, A. M., Manimalathi, P., & Revathy, S. (2025) examined factors influencing working women's investment awareness and behaviour. The study emphasized financial literacy, income, risk perception, and digital access as key determinants. Mangukiya, T., Mangukiya, Z., & Mehta, R. (2025) analyzed the investment behaviour of professionals in Surat City and found that bank deposits were the most preferred investment avenue, with strong emphasis on financial and tax planning.

3.OBJECTIVES OF THE STUDY

1. To identify the key factors influencing the financial behaviour of working professionals.
2. To assess the level of awareness and attitude working professionals regarding various investment avenues available to them.
3. To examines the impact of demographic factors such as age and gender on the financial decisions of working professionals.
4. To study the nature and pattern of investments made by working professionals.

HYPOTHESIS TESTING

Hypothesis :

H0: Financial decision of working professionals is independent to their demographic profile. (Gender, Age & Income Level)

H1: Financial decision of working professionals is dependent to their demographic profile. (Gender, Age & Income Level)

4. RESEARCH METHODOLOGY

The present research researcher had used descriptive research methodology. The study has completed using Field Survey method. In the survey the researcher has collected the data from various working professionals from Kolhapur city. Researcher has used convenience sampling method to select the respondents.

Primary Data:

The primary data is collected from the information gathered through structured questionnaires. The questionnaires having clear and close ended question so that the respondents could be comfortable and provide reliable and complete information.

Secondary Data:

Secondary data was collected from research articles, Books and published articles.

Sample Design:

Here the researcher has used convenience sampling method used to collect the data from various professions from Kolhapur city Sample Size = 102

DATA ANALYSIS AND INTERPRETATION

Demographic Profile of Respondents

Table No.1 Gender-wise Distribution of Respondents

Gender	Frequency	Percentage (%)
Male	54	52.9
Female	48	47.1
Total	102	100

Interpretation: The sample reflects a balanced gender composition, ensuring representativeness and minimizing gender bias in financial behaviour analysis.

Table No.2 Age-wise Distribution of Respondents

Age Group	Frequency	Percentage (%)
Below 25 years	62	60.8
25–35 years	25	24.5
36–45 years	10	9.8
Above 45 years	5	4.9
Total	102	100

Interpretation: The dominance of young professionals highlights early-stage financial behaviour formation, consistent with Life Cycle Hypothesis assumptions.

Saving Behaviour Analysis

Table No.3 Saving Frequency among Respondents

Saving Frequency	Frequency	Percentage (%)
Every month	53	51.9
Occasionally	32	31.4
Rarely	15	14.7
Never	2	2.0
Total	102	100

Interpretation: Over 83% of respondents save either regularly or occasionally, indicating healthy saving discipline.

Table No.4 Monthly Income

Income Saved	Frequency	Percentage (%)
Below 25k	30	29.4
25k-50k	53	52.0
50k-75k	11	10.8
Above 75k	8	7.8
Total	102	100

Interpretation: Most respondents fall into monthly income level of 25k-50k of range
4.4 Risk Appetite and Awareness

Table No.5 Risk-Taking Ability

Risk Level	Frequency	Percentage (%)
Very Low	60	58.8
Moderate	38	37.3
High	4	3.9
Total	102	100

Interpretation: A strong preference for low-risk investments is observed, limiting portfolio diversification.

Table No.6 Risk-Taking Ability

Awareness Level	Frequency	Percentage (%)
Well aware	35	34.3
Somewhat aware	56	54.9
Not much aware	11	10.8
Total	102	100

Interpretation: Although awareness is moderate to high, it does not fully translate into aggressive investment behaviour.

4.4 Investment Behaviour Analysis

Table No.7 Investment Participation

Response	Frequency	Percentage (%)
Regularly	55	53.9
Occasionally	43	42.2
Not investing	4	3.9
Total	102	100

Interpretation: A high level of investment participation (96.1%) indicates growing financial engagement among professionals.

Table No.8 Preferred Investment Avenues

Investment Option	Frequency	Percentage (%)
FD/Post Office	51	50.0
Mutual Funds	27	26.5
Equity/Stock Market	11	10.8
Others	13	12.7
Total	102	100

Interpretation: The dominance of fixed-income instruments confirms a conservative investment orientation

Table No.9 Factor that influences investment

Factors that Influencing	Frequency	Percentage (%)
Safety of Money	80	78
High Returns	12	13
Tax Benefits	6	7
Liquidity/Easy Withdrawal	4	2
Total	102	100

Interpretation: The safety of the money is the most significant factor influencing the investment.
Attitude of Towards Working Professionals Investment

Table No.10 Attitude Towards Investment

S. No.	Likert Statements	Mean	Std. Deviation
1	Investing regularly is essential for long-term financial security	4.21	0.72
2	I am confident in my ability to make informed investment decisions	3.89	0.81
3	I prefer investing over keeping money in savings accounts	3.76	0.88
4	I am willing to take calculated financial risks for higher returns	3.68	0.94
5	I actively seek information before making investment decisions	4.05	0.77
6	Investing early in my career provides significant financial advantages	4.32	0.69
7	Investing helps me manage my finances more effectively	3.97	0.83
8	Market fluctuations discourage me from investing (<i>Reverse</i>)	3.12	1.02
9	Investment planning is as important as professional career growth	4.10	0.74
10	I am satisfied with the investment choices I have made so far	3.85	0.86

The descriptive statistics for attitude towards investment behaviour among working professionals (N = 102) show a generally positive mind-set toward investing. Respondents demonstrate strong agreement that investing at an early stage of their career is financially beneficial, reflected in the highest mean score. Regular investment is also viewed as an important factor for achieving future financial stability. Many participants indicate that they actively gather information before making investment decisions, suggesting a careful and planned approach. Investment planning is considered nearly as important as career advancement by most respondents. Confidence in making investment decisions is moderate, indicating scope for improved financial literacy. The willingness to accept financial risk for higher returns is present but not very high. Responses to market fluctuations reveal that some level of uncertainty still affects investment decisions. The variation in responses is moderate, showing consistency among participants. Overall, the findings indicate a favourable yet cautious attitude toward investment behaviour among working professionals.

5.FINANCIAL DECISION BEHAVIOUR OF WORKING PROFESSIONALS

Table No.11 Descriptive Analysis of financial decision Behaviour of Working Professionals

S. No.	Likert Statements	Mean	Std. Deviation
1	I invest a fixed portion of my monthly income regularly	3.92	0.84
2	I define clear financial goals before investing	4.08	0.76
3	I diversify my investments across different instruments	3.85	0.88
4	I review and monitor my investment portfolio periodically	3.78	0.91
5	I invest based on my risk tolerance and time horizon	4.01	0.79
6	I seek professional advice before major investment decisions	3.54	0.97
7	I prefer long-term investments over short-term gains	4.12	0.73
8	I continue investing during unfavorable market conditions	3.46	1.02
9	I stay updated about market trends and investment options	3.89	0.86
10	I make investment decisions in a disciplined and planned manner	4.05	0.78

The descriptive statistics reflect a reasonably strong level of financial decision behaviour among working professionals (N = 102). Respondents show a clear inclination toward long-term investment options, indicating

an emphasis on future financial security. Many participants report setting specific financial goals before making investment decisions, which highlights a planned approach to investing. Regular allocation of income toward investments is evident, suggesting financial discipline among respondents. Practices such as portfolio diversification and periodic monitoring are followed by a considerable number of professionals, though not uniformly. Investment choices based on individual risk capacity and investment duration show positive engagement. Seeking expert guidance is less prominent, indicating a preference for independent decision-making. Investment during uncertain market conditions appears cautious. The consistency of responses is supported by moderate variability in scores. Overall, the results suggest a structured but careful financial decision behaviour among working professionals.

6.HYPOTHESIS TESTING

Hypothesis:

H₀: Financial decision of working professionals is independent to their demographic profile. (Gender, Age & Income Level)

H₁: Financial decision of working professionals is dependent to their demographic profile. (Gender, Age & Income Level)

Table No.12 Test Statistics Table for Financial decision of working professionals (Gender)

Test Statistics ^a	
	Financial Behaviour
Mann-Whitney U	2046.000
Wilcoxon W	22461.000
Z	-1.418
Asymp. Sig. (2-tailed)	.046
a. Grouping Variable: Gender of Respondents	

SPSS Output

Above table reveals that 'Z' for financial behaviour of working professionals -1.418 with 'P' value 0.046, the test is significant. The null hypothesis rejected and alternative hypothesis is accepted. From this data, it is concluded that financial behaviour of working professionals is dependent to gender of the respondent.

Table No.13 Test Statistics Table for Financial decision of working professionals (Age)

Test Statistics ^{a, b}	
	Financial Behaviour
Chi-Square	3.457
df	3
Asymp. Sig.	.002
a. Kruskal Wallis Test	
b. Grouping Variable: Age Group	

SPSS Output

Above table reveals that Chi-Square for Financial decision of working professionals is 3.457 and the p value is 0.002, the test is significant. The p value is less than the level of significant that is 0.05 of the data. The null hypothesis is rejected it is concluded that financial decision of working professionals is dependent to age of the respondent.

Table No.14 Test Statistics for Financial decision of working professionals (Income Level)

Test Statistics ^{a,b}	
	Investment behaviour
Chi-Square	4.265
df	3
Asymp. Sig.	.001
a. Kruskal Wallis Test	
b. Grouping Variable: Income Level	

SPSS Output

Above Table reveals that Chi-Square for opinion about impact of AI tools on business according to type of industry of the respondent is 4.265 and the p value is 0.001, the test is significant. The p value is less than the level of significant that is 0.01 of the data. The null hypothesis is rejected and alternative hypothesis is accepted. From this data, it is concluded that financial decision dependent to income level of working professionals.

7.FINDINGS

The study reveals that working professionals in Kolhapur City exhibit reasonably strong financial decision making in investment activities; however, their financial decision making is predominantly conservative and risk-averse in nature. While most respondents save regularly and allocate a moderate portion of their income toward savings, their primary motivation remains financial security and emergency preparedness rather than long-term wealth creation or retirement planning. Traditional instruments such as fixed deposits and post office schemes continue to dominate investment choices, reflecting a strong preference for capital safety. Although awareness of investment avenues is moderate to high, it does not fully translate into diversified or market-linked investments, indicating a gap between financial knowledge and actual financial decision. Income and age significantly influence saving capacity and investment preferences, whereas gender has no meaningful impact on risk-taking ability. Overall, the findings suggest that despite increasing awareness and participation, working professionals in semi-urban regions like Kolhapur require structured financial guidance and confidence-building measures to move from conservative saving practices toward more balanced and growth-oriented investment strategies. The findings show that working professionals exhibit disciplined and planned financial decision with a strong preference for long-term financial security. However, cautious decision-making during market uncertainty indicates a balanced and careful investment approach. The study shows that financial decision among working professionals is significantly influenced by Gender, Age and income level.

8.CONCLUSION

The study concludes that working professionals of Kolhapur City exhibit adequate saving discipline and increasing involvement in financial decision making. However, the overall financial decision still tends to be conservative and safety-oriented. Despite moderate to high awareness of available avenues of investment, the majority of the professionals show preference for traditional low-risk instruments, keeping the safety of capital over higher returns. Income and age are the most significant determinants of saving capacity, investment participation, and avenues of investment. Gender as a demographic variable is found not to play a substantial role in shaping risk-taking financial decisions. The high degree of importance given to emergency savings and short- to medium-term family goals reflects a limited focus on long-term wealth creation and retirement planning. Targeted financial literacy initiatives thus have been underlined, with professional financial advisory support and building trust to encourage diversified, risk-adjusted investment practices. Strengthening this aspect can help transform the conservative saver into an informed investor and improve individual financial decisions while contributing to the greater goal of economic development in semi- urban regions.

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