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FACTORS INFLUENCING PERSONAL INVESTMENT DECISIONS AND FINANCIAL SATISFACTION OF TIRUCHIRAPPALLI'S WITH SPECIAL REFERENCE TO SMALL-SCALE WOMEN ENTREPRENEURS

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ABSTRACT

Entrepreneurship is crucial for a country's economic and social growth, and India has implemented flagship programs like Invest, Startup, and Make to promote entrepreneurship and self-sustenance. Women entrepreneurs significantly contribute to the Indian economy, managing personal and professional aspects and developing organizations, with countries developing ecosystems for their growth. Understanding their attributes is crucial for making their engagement relevant and productive. The BFSI sector can help individuals select appropriate investment instruments based on their risk appetites. The OECD Adult Financial Literacy (2017) suggests that governments should focus on teaching women financial topics and a solid financial literacy curriculum to boost their confidence in making investment decisions. The study explores the investment behaviour and factors affecting women entrepreneurs' financial satisfaction in Tiruchirappalli. Sampling techniques, including judgment and snowball sampling, were used to identify respondents. A total of 120 women entrepreneurs participated in the qualitative inquiry phase and developed a conceptual Proposed model, which was validated through a questionnaire used for further analysis. The study explores women entrepreneurs' investment behaviour and factors influencing their decision-making. Women entrepreneurs are risk-averse, often influenced by family investment preferences. They prefer fixed deposits and have poor to moderate investment product expertise, discouraging diversification. They seek expert guidance but maintain separate accounts for income and expenses. Due to professional and personal obligations, they struggle with investing intricacies. They would diversify into other asset classes but believe they are not well prepared for retirement.

KEYWORDS: Women Entrepreneurs, Investment, Decisions, Financial Satisfaction, SEM.

INTRODUCTION

Entrepreneurship is crucial for a country's economic and social growth, and India has implemented flagship programs like Invest, Startup, and Make to promote entrepreneurship and self-sustenance. Women entrepreneurs contribute significantly to the Indian economy, managing personal and professional facets and developing organizations. As females become a rapidly increasing performing population, countries are developing ecosystems for women's entrepreneurship. The Indian government has launched initiatives like Startup India, RWDE,

Swa Shakti Project, Rashtriya Mahila Kosh, and NMEW to encourage women entrepreneurship. The startup ecosystem in India is the third-largest in the world, with women entrepreneurs accounting for 9% of the total number of founders. Women-led startups are welcomed by the investment ecosystem, including angel investors and seasoned venture capitalists. Industry interest in women as investors is growing, but they are often not served or understood well by wealth management advisory and banking services.

The Banking Financial Services and Insurance (BFSI) sector should actively engage with women entrepreneur investors to provide them with knowledge about various financial instruments and formats. By sharing information about financial instruments and metrics, the sector can help track investment performance and provide timely skills for growth and future planning. By participating in consumer awareness programs and providing the right value propositions, the BFSI sector can make women entrepreneurs more financially informed and productive. Understanding the specific attributes of women entrepreneurs, such as knowledge, skills, attitudes, and beliefs, is crucial for making their engagement relevant and productive.

The study focuses on women entrepreneurs as investors due to their increasing presence and participation in finance-related decision-making processes. The study also examines the difference in behaviour between men and women in financial matters. The growing segment of women investors has led to increased interest from banking and finance institutions. Women entrepreneurs are better accepted as part of families' financial decision-making processes, making it crucial to understand their behaviour when making personal investments.

Investment involves deploying funds in suitable instruments to achieve a reasonable future return. In personal finance, it involves buying financial products with the expectation of a positive return. Money is crucial in meeting present and future needs, as it helps individuals achieve their goals and delay current consumption to ensure returns on investments will fulfill future needs. Individuals analyze investment instruments based on risk, return, liquidity, and marketability, then match them to their needs and inclinations. Personal investment decisions are driven by personal objectives, which can be tangible or intangible and are connected to factors like family setup, dependents, lifestyle, income level, future planning, and retirement preparation.

The financial sector offers numerous investment instruments for individual investors, including bank deposits, equity, debentures, bonds, post office saving schemes, public provident funds, mutual funds, company deposits, life insurance, investment in gold, silver, metals, real estate, and government securities. Investors can compare products, understand their features, analyze risk, and see the return of these instruments. The BFSI sector also provides investment advisory services to help individuals select the appropriate investment instrument. Different features of these products cater to different risk appetites, allowing individuals to choose an investment instrument that matches their investment objectives. The study explores the investment behaviour and factors affecting women entrepreneurs' financial satisfaction in Tiruchirappalli.

REVIEW OF LITERATURE

This research review aims to fill gaps in existing literature on personal investments, particularly in women entrepreneurs. It examines factors affecting investment decisions, financial satisfaction, and segmenting investors based on their behaviour.

“Women entrepreneur” is defined as a female who takes on the challenging role of building an enterprise and becoming financially independent (MeenuMaheshwari & PriyaSodani, 2015). Rashmi (2016) defines women entrepreneurs as businesses owned and controlled by women that have a minimum financial stake of 51% of the capital and employ at least 51% of the workforce. Despite constituting 48% of the Indian population, women contribute only 34% of economic activity.

The entrepreneurial universe has been traditionally dominated by males (Mustapha & Punitha, 2016; Salis & Flegl, 2021; Sowmya, Majumdar, & Gallant, 2010). Women often

pursue entrepreneurship due to special circumstances, lack of employment opportunities, and the desire to be independent and earn financial rewards. However, with increased education and awareness, the number of women taking up entrepreneurship has increased in recent decades, indicating a growing interest in economic activity among women.

Women's entrepreneurship is an important tool that can significantly improve women's quality of life. Brush et al. (2009) endorse this idea as well. They contend that women entrepreneurs are the fastest-increasing demographic. These female entrepreneurs are bringing innovative products to market, creating jobs and money. With the rising participation of women in business activities, so has study on them (Cardella, Hernández-Sánchez, & Sánchez Garca, 2020).

Motivations for starting a business, challenges they face, opportunities available, and factors that contribute to their success are all important research areas for women entrepreneurs (Beriso, 2021; Ghouse, Durrah, & McElwee, 2021; Noor, Isa, & Muhammad, 2021; Polas, Raju, Muhibbullah, & Tabash, 2021; Rudhumbu, du Plessis, & Maphosa, 2020). According to Haram and Shams (2021), women entrepreneurs positively contribute to their families' level of life. As a result, there should be an examination into how they manage the riches that they are amassing.

Entrepreneurs are individuals who are aggressive and have a strong risk-taking proclivity. According to Boyd (2016), people working in many professions fail to appreciate and grasp gender inequality, which is important for exploring and ensuring sustainable development.

Research on the psychological makeup of women entrepreneurs from developing countries is needed, as they are a distinct segment that significantly contributes to the economy, as noted by Cardella et al., 2020.

Research on the psychological makeup of women entrepreneurs from developing countries is crucial, as they are a distinct segment that significantly contributes to the economy, as noted by Cardella et al., 2020. Understanding their unique work styles and psychological makeup is essential for a more comprehensive understanding of their impact on the economy. The behavioural finance discipline aims to study and interpret individuals' investment behaviours, influencing the pricing and positioning of investment products in the marketplace. It can be divided into two subtopics, each influenced by aspects of behavioural finance (Pompian, 2006).

Individual investment behaviour is influenced by analytical mathematical skills financial awareness and literacy. Multiple factors can influence decision-making for financial aspects, and humans may not always be able to make rational decisions (KumarGoyal, & Basu, 2018; Nigam, Srivastava, & Banwet, 2016). Chavali & Mohanraj 2016, Baker, Kumar, & Singh 2018 highlight the critical and biased nature of human decisions, influenced by factors such as gender, persona, and other prejudices.

Financial satisfaction is defined as an investor's view of their appraisal of their financial status. Hira and Mugenda (1998) define financial contentment as "satisfaction with various aspects of one's financial situation". Financial satisfaction is the state of accomplishing one's financial goals and demands (Sahi, 2017). Individuals can only achieve their financial objectives if they have the necessary resource, which is money. Lack of money can lead to financial troubles and unhappiness, which can lead to medical issues and, in severe conditions, depression (Sahi, 2017). Joo and Grable (2004) conducted extensive research on financial satisfaction, using both single and multiple-item scales. They found that income, age, and education positively influence financial satisfaction. Income levels directly affect financial investments and satisfaction levels. Attitude towards money also influences financial investment decision-making and satisfaction. Other factors studied include demographic factors, financial stress, financial behaviour, risk tolerance, and financial knowledge. Joo &

Grable (2004) suggested that demographic factors indirectly affect financial satisfaction, while psychological factors should be explored as a determinant of financial satisfaction. Both methods provide acceptable reliability and validity.

Behavioural finance suggests that individuals' cognitive and beliefs biases influence their investment decisions, impacting financial satisfaction and investors' financial condition. A study by Sahi (2017) found that psychological biases, such as overconfidence, self-control, and budgeting tendencies, positively affect financial satisfaction. The satisfaction scale measured current income, tax payment ability, family resources, emergency fund availability, inflation, and maintaining a lifestyle. These biases can influence investors' financial decisions and satisfaction levels.

OBJECTIVES OF THE STUDY

This study's objectives are based on the identified research gaps in the previous section. There are,

1. To determine the factors influencing women entrepreneurs' personal investment decisions and financial satisfaction.
2. To study the personal investment behaviour of Women Entrepreneurs

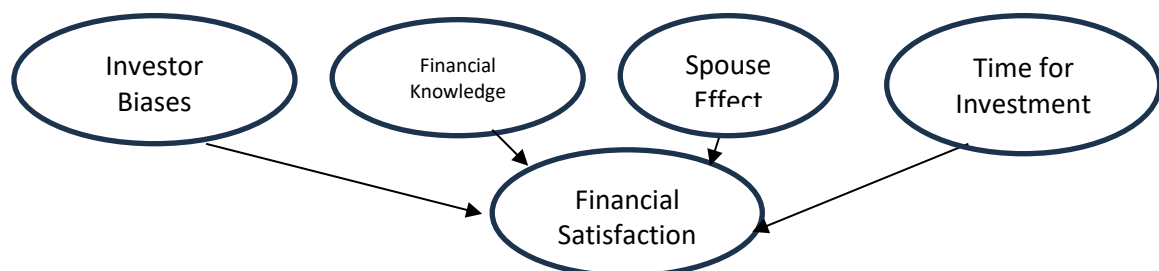
STATEMENT OF THE PROBLEM

Personal investing decisions are complex and diverse, with several options available. With women's greater participation in the workforce, governments must implement programs teaching women financial topics and a solid financial literacy curriculum to strengthen their confidence in making investment decisions, according to the OECD Adult Financial Literacy (2017). The overall level of financial literacy is low. Women outperform men in financial literacy. Women outlive males in terms of life expectancy. Because women have shorter working lifetimes and earn less, they must learn about investing earlier and plan for a longer life. In India, men tend to score higher on minimum required financial behaviour than women, indicating a significant difference in financial behaviour between the two genders.

RESEARCH METHODOLOGY

The proposed research aims to understand investor behaviour and factors impacting the personal investment decisions of women entrepreneurs in Tiruchirappalli. The study uses sequential mixed methods research, with a qualitative inquiry phase. The research design includes exploratory and explanatory phases, with a focus on qualitative inquiry and data analysis. The study aims to fill the gap in studies on investment behaviour and factors affecting women entrepreneurs' financial satisfaction. Sampling techniques were used to identify respondents, with judgment sampling and snowball sampling used for the first set. The findings from the qualitative phase helped develop a conceptual model, which was then validated and verified through a questionnaire for the quantitative phase. Respondents were selected based on their investment history, investment instruments, and middle-income status, with an annual cash inflow of Rs. 2 Lakhs or above. A study involving 140 women entrepreneurs was conducted, with 132 reverting to participate. A detailed questionnaire was shared online and through one-on-one meetings, requiring consent and ensuring data was used for academic research. Out of 129 respondents, 123 reverted their responses. After data cleaning and discarding incomplete questionnaires, 120 responses were used for further analysis.

CONCEPTUAL FRAMEWORK



DATA ANALYSIS AND RESULT

Table 1
Socio-Economic profile

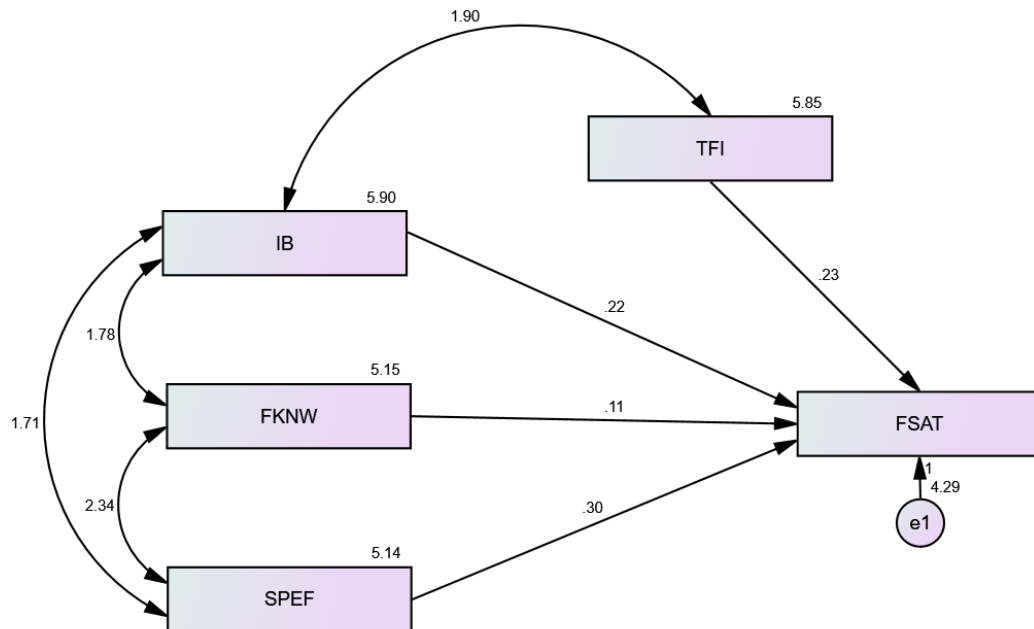
VARIABLES	CHARACTERS	FREQUENCY	VALID PERCENT
Age	18-30 years	22	18.3
	31-40 years	30	25.0
	41-50 years	41	34.2
	51-60 years	20	16.7
	Above 60 years	7	5.8
	Total	120	100
Marital Status	Married	71	59.2
	Unmarried	49	40.8
	Total	120	100
Educational Qualification	SSC/HSC	5	4.2
	Graduate	80	66.7
	Post-Graduate	23	19.2
	Professional	12	10.0
	Total	120	100
House Ownership	Self-Owned	55	45.8
	Rental	10	8.3
	Owned by parents	10	8.3
	Owned by spouse	25	20.8
	Owned jointly with spouse	20	16.7
	Total	120	100
Annual Income	Rs. 6 – Rs. 10 lakh	68	56.7
	Rs. 11 – Rs. 15 lakh	32	26.7
	Above 15 lakh	20	16.7
	Total	120	100
Period of Personal Investments	2 - 5 Years	67	55.8
	6 - 10 years	40	33.3
	10 - 15 Years	10	8.3
	Above 15 Years	3	2.5
	Total	120	100
Income to Investment Ratio	Less than 5%	23	19.2
	5% - 10%	68	56.7
	10 - 15 %	12	10.0
	15% - 20%	10	8.3
	Above 20%	7	5.8
	Total	120	100
Rate of Return Expected	5% - 10%	12	10.0
	10 - 15 %	44	36.7
	15% - 20%	50	41.7

	Above 20%	14	11.7
	Total	120	100
Risk-taking in Investments	High level	20	16.7
	Medium Level	68	56.7
	Low level	32	26.7
	Total	120	100
Long term Investor	yes	102	85.0
	No	18	15.0
	Total	120	100

Source: Primary Data)

STRUCTURAL MODEL ASSESSMENT

Fig 1: Proposed model of financial satisfaction at the time of investment decision



Goodness of Fit test for Path Analysis

Chi-square	df	CMIN/DF	RMSEA	GFI	AGFI	NFI	CFI
11.449 P=0.000	2	1.845	0.0065	0.985	0.928	0.98	0.99

Regression weights between proposed paths

Relationship between Exogenous and Endogenous			Estimate	S.E.	C.R.	P	Decision
Financial Satisfaction	<---	Investor Behaviour	0.218	0.09	2.43	0.015	Supported

Financial Satisfaction	<---	Financial Knowledge	0.109	0.09 7	1.12 9	0.25 9	Not Supported
Financial Satisfaction	<---	Spouse Effect	0.298	0.09 6	3.09 6	0.00 2	Supported
Financial Satisfaction	<---	Time of investment	0.234	0.08 4	2.79	0.00 5	Supported

IMPLICATION AND RECOMMENDATION

This research explores the investment behaviour of women entrepreneurs, focusing on time for investment and the importance of understanding biases and factors influencing their decisions. It highlights the need for relationship managers and financial advisors to understand their client's financial goals and risk-taking appetites to improve their financial satisfaction. The findings can guide financial advisors in offering optimal portfolios and reducing the gap in personal investment decision-making. Policymakers can also focus on retirement products specifically designed for women entrepreneurs and incorporate financial literacy and confidence-building programs for school children.

CONCLUSION

The study aims to understand women entrepreneurs' investment behaviour, and factors influencing their decision-making, and propose and test conceptual models based on these investment factors. Women entrepreneurs are frequently risk-averse in their investing selections, which is often affected by their familial investment preferences. Their adult behaviour reflects this, as they like to invest in fixed deposits. Their self-reported investment product expertise is poor to moderate, discouraging them from diversifying. They frequently seek expert guidance from consultants but keep separate accounts for income and expenses, demonstrating mental accounting bias. They are unable to comprehend investing intricacies due to professional and personal obligations. They would diversify into other asset classes if they had more time. However, they believe they are not well prepared for retirement, with fixed deposits being the most desired investment product.

This study examines the investment behaviour of Tiruchirappalli region women entrepreneurs, concentrating on five investor biases and their impact on financial satisfaction. It also looks at women entrepreneurs' perspectives on money and how they influence their financial well-being. The study was carried out in one district but might be expanded to other districts. It also investigates the impact of parental investment choices, expert opinions, media, and ads on the investment decisions of female entrepreneurs. The study also investigates the influence of financial anxiety and debt on investment decisions and satisfaction.

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