

# THE FACTORS THAT DETERMINE FINANCIAL KNOWLEDGE AND HOW THEY IMPACT THE FINANCIAL BEHAVIOUR OF INDIAN WOMEN ENTREPRENEURS

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## ABSTRACT

The present business environment and technological advancements are enabling women to flourish and emerge as a key economic force. Women of today have a major impact on the development of society. novelline Through the empowerment process, women are assured more control over resources. It is essential to their development as well as the nation's overall progress. Entrepreneurship is the best way to empower women and assist them in being self-sufficient and economically independent. By growing their businesses, women may have greater influence in the social, political, personal, and financial arenas. novelline The purpose of the present research is to look at the connection between entrepreneurship and women's empowerment in the Agra District. Along with the factors that help them in the Agra region, the researcher identifies the challenges and barriers experienced by female entrepreneurs in operating their firms. The researcher provided further information on the government's measures to assist female entrepreneurs. novelline The results of 190 interviews with female entrepreneurs in the rural and urban regions of the Agra District indicate a positive relationship between women's empowerment and entrepreneurship. Whether they are in rural or urban locations, the majority of female entrepreneurs face financial difficulties and work pressure. Experience personal satisfaction and a safer, higher standard of living, both of which have been shown to

be significant inducements for female entrepreneurs to start their enterprises. Programmes and policies from the government provide financial, marketing, and training assistance to female entrepreneurs.

## 1 INTRODUCTION

Women make up one of the most significant human resource groupings in the nation. They must be seen as essential instruments for the growth and development of any nation's economy. The status of women in Indian civilisation has changed throughout time. Women have always been seen as having great status and have been depicted as gods, such as Saraswati, Laxmi, and Durga. Women have always been linked to wealth, intelligence, and authority. Practically speaking, various periods experienced unique modifications based on the remnants of the archaeological sites. In the past, men and women received the same treatment in every aspect of life. Equal rights were provided to women, along with the opportunity to choose their own marriages, pursue an education, and participate in social and religious activities. It is certain that women were respected in the past. The position of women drastically decreased throughout the Middle Ages. This period is referred

to as the "dark age" because women were seen as less valuable than men in society at the time. They were not allowed to experience equality with men. To be allowed into the homes, they had to cover themselves with a long veil. Social issues such sati, child marriages, low levels of education, and the ban on widow remarriage surfaced in Indian culture. The large number of women who participated in the freedom struggle during the pre-independence era of the early 20th century is evidence of the evolution of women's views towards life. Following independence, women and men were granted equal rights under the Indian Constitution, with no discrimination allowed. In modern Indian culture, women have equal standing with men in all domains of life, including politics, society, the economy, and education. Gender equality is protected under the Indian Constitution's Preamble, Fundamental Rights, and Directive Principles of State sections. The Indian Constitution also gives the state the authority to pass legislation that

encourages discrimination against women on a positive basis.

The only thing that may affect a nation's ability to succeed and develop is the standing and contributions of women in society. This argument holds that any country would be unfair to ignore the role that women play in the process of development. Therefore, encouraging women to take a solid and steady stride towards economic progress is the task that every government must undertake. India is on the path to expansion. Rapid expansion is occurring in India, although not all at once. A nation can only really thrive when its development is inclusive and equitable. India's growth is still in progress, and many problems still need to be addressed. The biggest issue we are now dealing with is women's empowerment. Women's empowerment is currently one of the primary concerns in the process of national development around the globe and has recently emerged as a key global problem for policy and policy interventions in the majority of organisations. They are well aware of the benefits of empowerment, which can be attained via the effective participation of women. Women have

the ability to steer the nation towards prosperity and growth. Women may be powerful change agents for happier, healthier families, a more positive society, and finally a stronger economy. Women are increasingly becoming important actors in the economy and making major advancements because to the advancement of technology and the business environment. Women of today have a major impact on the development of society. It is impossible to overlook this economic power. Every country's economy has to grow rapidly, and this requires both men and women to contribute to the nation's growth. Women entrepreneurs are an important tool for women's empowerment. The capacity to make and carry out choices, control over resources, actual ownership, and access to markets and resources are all important factors that might contribute significantly to women's empowerment. India could be the best location for women to utilise business as a tool for self-empowerment because of its big population and unemployment problem.

## 2 LITREATURE SURVEY

A thorough analysis of previous research in the field should be conducted by the researcher if the goal of the study is to expand on the body of information already known. Examining previous research works aids in the researcher's comprehension of the body of knowledge already in existence as well as the gaps in the literature that need to be filled by the researcher's effort. Studying the ideas pertaining to the topics at hand is the first step in doing a literature review. The preceding chapter covered theories pertaining to personal investments, which serve as the foundation for this study. Many research have been carried out in the last few decades to learn more about people's personal investing behaviour and biases. Research has been carried out on several consumer categories to have a deeper understanding of the factors that influence and encourage them when it comes to personal investing. The researcher identifies holes in the body of literature via this review, and this study will address those gaps. There are four parts in this chapter. The research on female entrepreneurs is covered in the first part. An extensive assessment of the literature is presented in the next part,

analysing the research done to better understand individual investing choices. It delves deeply into the elements that influence the choices made by individuals while making investments. The notion of financial contentment, or the ultimate goal that investors often pursue via their investing choices, is also covered in this section. The research done to divide investors into different groups according to their investing habits is presented in the third part of the study of the literature. The last part identifies the gap and provides a summary of this chapter based on the thorough literature assessment.

The term "women entrepreneur" refers to a woman who takes on the difficult task of starting a business and achieving financial independence (Meenu Maheshwari & Priya Sodani, 2015). "Women entrepreneurs are defined by the Government of India as an enterprise owned and controlled by a woman who has a minimum financial interest of 51% of capital and gives at least 51% of employment generated in the enterprise to women," as stated by Rashmi (2016). Despite making up 48% of the Indian population, women only contribute 34%

of the country's economic activity (Rashmi, 2016).

Males have historically dominated the entrepreneurial world (Mustapha & Punitha, 2016; Salis & Flegl, 2021; Sowmya, Majumdar, & Gallant, 2010). In some situations, such as when they are the family's only provider or, in rare instances, just because they desire to try something new, women become entrepreneurs. The insufficiency of job prospects, the need for autonomy, and the desire to make money are additional motivators for women to pursue entrepreneurship. The body of research on female entrepreneurs discusses the obstacles they encounter as well as the motivations for their decision to become self-employed. However, due to rising levels of knowledge and education over the last several decades, more women are pursuing entrepreneurship and are actively engaged in the economy.

Women's entrepreneurship is a powerful instrument that can significantly raise women's standard of living. Brush et al. (2009), who assert that women entrepreneurs make up the fastest-growing demographic, also support this

claim. These female business owners are bringing cutting-edge goods to market, creating jobs and income. Research on women entrepreneurs has also shown an increasing tendency with this growing engagement of women in the field (Cardella, Hernández-Sánchez, & Sánchez García, 2020).

A search for "women entrepreneur" in the Scopus database reveals that there have been 235 publications published on the topic of women entrepreneurs by 2020, up from 14 in 1998. Therefore, it is equally fascinating to the study community to comprehend the phenomena of women entrepreneurship.

Cardella et al. (2020) concentrated on 2848 research articles published in publications included in the Scopus database between 1950 and 2019 for their comprehensive literature assessment. From 2006, when there were 61 papers mentioned, there were 381 articles in 2019, reflecting an increase in the number of research publications published on women entrepreneurs. This advancement in the study of female entrepreneurs confirms the rising body of evidence supporting

the increased interest in this field. A thorough analysis of the articles reveals that the focus of research has shifted from investigating sociopsychological elements that support women's empowerment, self-efficacy, and role modelling to funding female-owned enterprises. According to the same study, 74% of research on female entrepreneurs originates from industrialised nations, leaving a significant research vacuum about the experiences of women entrepreneurs in developing nations.

### 3 METHODOLOGY

The thorough literature analysis carried out in Chapter 2 aids in determining the gaps in the body of knowledge on the decision-making process involved in personal investing. Finding the gaps leads to the present research's goals. Thus, the first portion of this chapter discusses the background and justification of the present study. The study goals are listed in the next part, which is followed by a summary of the chapter.

Making decisions about personal investments is a complicated process that is impacted by a wide range of

variables. The characteristics of the working population include psychological stability and financial independence. They invest their life savings because they need the money to be accessible to them for any unforeseen or anticipated events that may arise. The financial services industry now provides a wide range of investment options. Investing aims to maximize profits while minimizing risk by choosing suitable instruments that facilitate the achievement of long-term objectives and financial fulfillment. When people are choosing whether or not to invest, they are influenced by the state and mood of the financial markets. As a study discovery, the how and why of investors' behavior is highly interesting. Chapter 2 discusses the depth of financial knowledge, possible biases associated with one's own attitude, the effect of parents, experts, and spouses, as well as the years of investing experience. These elements have an effect on both the success of individual investors' portfolios and the process of making financial investment choices.

A vast amount of study has been done on how people behave while making

investments, what influences their decisions, and what behavioral biases they may have. According to the data, female investors in this market niche behave considerably differently from male investors. Gender influences an investor's viewpoint and strategy; this has been empirically and concretely shown (Chavali & Mohanraj, 2016). Various study findings also indicate that female investors are more risk averse than male investors. The fact that female investors do not make as much investment as their male counterparts is frequently noted and examined (Charness & Gneezy, 2012; Dwyer et al., 2002). Numerous psychological studies indicate that women seem less confidence in their ability to invest, whereas men seem more confident in this area (Barber & Odean, 2001; Mishra & Metilda, 2015). Consequently, men engage in more financial trading than women do. Compared to males, women investors may invest more slowly yet keep their assets for longer because they are risk averse. But according to Lusardi and Mitchell (2008), women investors seem to be worse prepared for life after retirement as a consequence of their delayed decision-making over

investments. Women with investable income and intent may begin investing early in life across a variety of investment vehicles as soon as there is an ecosystem in place to provide them with financial literacy instruction and sufficient time to make decisions (Farrell, Fry, & Risse, 2016). According to Kumar, Goyal, and Basu's (2018) study on Indian investors, it seems that female investors were less interested in investing and financial concerns than their male counterparts. Additionally, it was said that a person's ability to make rational and critical analytical decisions is influenced by their gender; yet, both genders experience anxiety related to their financial independence and the need of making sufficient investments in order to live better lives in the future.

A substantial quantity of study has also been done on women entrepreneurs, a demographic that is expanding internationally. As was covered in the previous chapter, the research that is currently available on women entrepreneurs focuses on their personality qualities, entrance obstacles, and problems. The number of wealthy women entrepreneurs seeking



investment possibilities is rapidly increasing. This cohort's investing behavior must be understood by the BFSI ecosystem in order to provide them with specialized investment solutions. There is a dearth of research on women entrepreneurs' personal investing habits. Only 21 out of the 117 papers that Kumar and Goyal (2015) considered in their analysis focused on gathering and evaluating primary data. Understanding the biases of individual investors was the focus of all the included research. This creates a huge research void and opens up a ton of opportunities for primary research-based examination of how prospective investors make investment decisions based on their behavior (Kumar and Goyal 2015). There is proof that qualitative research has been conducted with Indian investors (Sahi, Arora, & Dhameja, 2013), however the technique and results were constrained. Overall, the studies that have been done so far show that not enough research, analysis, and interpretation have been done to comprehend, analyze, and interpret the investment decision-making behaviors of female entrepreneurs and businesswomen.

Through a variety of learning, development, and training programs, the banking and financial services industry is making the necessary efforts to make women investors aware of the opportunities to invest in order to become more familiar with female entrepreneur investors (Prasad, Shollapur, & Patted, 2014). The aforementioned study highlights the growing efforts made by scholars and experts in the business to get insight into the investing practices of female entrepreneurs. The research conducted by Paluri and Mehra (2016) and Prasad et al. (2014) has provided insight into the biases associated with the behavioral elements of the sample size of diverse Indian women whose investment decision-making processes were examined.

When the possible variations in the investment techniques taken by the two genders have been thoroughly examined, gender was used as a variable (Dwyer et al., 2002; Endres, 2008; Paluri & Mehra, 2016; Prasad et al., 2014). Using gender as a lens, the present study closes this knowledge gap by examining the



behavior of female entrepreneurs while making personal investment decisions. The next section discusses the study's objectives.

This chapter describes the study methodology in depth, including the sampling strategy, sample size estimation, data collecting, and the instruments used for data analysis. This study was conducted using a mixed methods methodology. There was qualitative research first, and then quantitative research. The qualitative data was gathered via in-depth interviews, while the quantitative data was gathered using a standardized questionnaire.

The recommendations for the technique to be used in the proposed study to accomplish the four goals listed in chapter 3 were informed by the body of existing literature. Kumar and Goyal (2015) conducted a comprehensive literature analysis on behavioral finance and found that just 21 of the 117 publications they studied over a 33-year span were based on primary data. In order to comprehend investor behavior in the Indian setting, qualitative research

must be included. Furthermore, as the chapter 3 discusses, there is a paucity of research on the characteristics and investing behavior of the increasing number of women entrepreneurs that influence their own investment choices. For the present study, a sequential mixed methods research strategy was used. The approaches used in sequential mixing are further intended to be instructive and experimental. The present study employs an exploratory sequential mixed method research design, including a first phase of qualitative inquiry. The quantitative stage of data gathering and analysis comes after the acquired data has been analyzed. There were two stages of the investigation. The behavior of female entrepreneurs was investigated in phase 1 qualitative study, and elements influencing their financial happiness and individual investment decision-making were determined. A questionnaire was created using the results of the qualitative phase, a study of the literature, and advice from professionals in the field to be utilized in the quantitative phase.

#### 4 ANALYSIS

Gathering qualitative data was the first

step in our study project. The data saturation approach was used to calculate the sample size. According to Fusch and Ness (2015), data saturation occurs when "there is enough information to replicate the study, when all the new information has been attained, and when no new coding is feasible." For qualitative research, the idea of saturation should be used to determine the right sample size. For phenomenological research, a sample size of five to twenty-five is advised (Creswell & Clark, 2007). The sample size for purposive sampling, according to Guest et al. (2006), is determined by the data's "saturation point," or the point at which no more information or themes can be gleaned from it. In-depth interviews were used to gather data for this study until saturation was reached, which came about with a sample size of 18. A total of twenty-five Mumbai and Pune-based women entrepreneurs were contacted for the research. 18 of these women entrepreneurs were questioned for this study's interviews. After explaining the study's purpose to the participants, their agreement was obtained. It was informed that the respondents' responses would only be

used for academic research and that their identities would remain private. They were given a subject information sheet (Appendix 1) that included information on the study's goals. In order to verify the validity of the inputs collected, informal interviews were carried out with two investment advisers and three relationship managers who have a minimum of ten years of experience in the investment advice field. In order to achieve data triangulation, this was done. When viewpoints from many sources are gathered for the same phenomena, data triangulation guarantees that data saturation is reached (Fusch & Ness, 2015).

Interviews were place between November 2018 and March 2019. With the respondent's permission, audio recordings of the interviews were made in a location that worked well for her—either her workplace or a coffee shop. Every interview lasted between thirty and sixty minutes. The responders were given the chance to speak out by way of open-ended questions, which shaped the conversation going forward. As the respondent deemed convenient, the interviews were performed in both Hindi and English.

After the interviews were audio recorded, an English transcription was made. The data was analyzed using a thematic method. "Thematic analysis is a method for methodically locating, classifying, and providing context for meaningful patterns (themes) within a dataset" (Braun & Clarke, 2012). The information provided by the respondents was analyzed to determine their opinions and views about investing tools and the variables influencing those opinions. The statements were divided into several codes or topics. The first-order codes were determined to be these. The second-order themes/codes were derived by making connections between different themes/codes. By using a theme, the debate remained focused and made it easier to find replies while discussing a particular occurrence. The coded data was checked against the body of current literature and relevant research publications for validation. Following each interview, this procedure was repeated, providing guidance for the subsequent one and ultimately leading to selected coding via refining. To accomplish data triangulation and eliminate researcher bias, two

researchers independently carried out the theme classification. Constructs were recognized and the aforementioned topics were further developed. A model on the personal investment decision-making of female entrepreneurs was proposed by the researcher with the assistance of the constructs gathered from the qualitative inquiry and literature study.

Table 3.1: Respondents Profile

S No	Constitution of Enterprise	Age	Annual Income (Rs.)	Investment Experience
Respondent 1	Private Limited	31-40	>20 Lakh	10-20 years
Respondent 2	Private Limited	31-40	6-10 Lakh	10-20 years
Respondent 3	Private Limited	31-40	6-10 Lakh	10-20 years
Respondent 4	Private Limited	51-60	< 5 Lakh	>20 years
Respondent 5	Limited Liability Partnership	41-50	11-20 Lakh	10-20 years
Respondent 6	Private Limited	31-40	>20 Lakh	10-20 years
Respondent 7	Private Limited	31-40	<5 Lakh	10-20 years
Respondent 8	Sole Proprietor	31-40	<5 Lakh	10-20 years
Respondent 9	Private Limited	31-40	11-20 Lakh	10-20 years
Respondent 10	Sole Proprietor	21-30	<5 Lakh	5-10 years
Respondent 11	Sole Proprietor	21-30	<5 Lakh	5-10 years
Respondent 12	Private Limited	31-40	6-10 Lakh	10-20 years

Table 3.2: Risk Attitude: Business Vs Personal Investments

Responses to risk taking behavior in their business	Corresponding responses to risk in investments
<i>"I have always been a risk taker. When I wanted to start my business, at that point it was risk. I have never conformed to any convention. Having been very ambitious, I did not want to limit myself and broke barriers of how we are doing it."</i>	<i>"I don't understand fully and I don't take my own decisions. I have not seen enough and do not have time to take an informed decision. If I was giving three hrs a day then my risk taking appetite would be higher there also."</i>
<i>"Yes it was great risk when I started my business. I left my job which was paying me well to get into something where I had to build everything from scratch."</i>	<i>"I am like 6 on 10."</i>

Women creators and entrepreneurs have excellent planning skills. They prepare for risk mitigation in their organizations and they also demonstrate the necessary discipline in their financial planning. The same holds true for their financial choices—they always aim to save more money than they spend on their company.

## 5 CONCLUSION

Five behavioral biases make up the second order concept known as investor bias. Women entrepreneurs' financial contentment will be impacted by biases if they have more time to learn about and comprehend investment tools. Therefore, it is suggested that investment time function as a mediator between financial happiness and investor prejudice. The model assesses

the role of financial knowledge, spouse effect, professional guidance, and parents on financial contentment. Age, income, and education are considered demographic parameters that operate as control variables. The research must be utilized for an empirical test on a more detailed sample size of the women entrepreneurs across more cities while taking into account urban India. A comprehensive survey was created and sent to a wider group of people in order to assess the model's predictive usefulness and robustness. Furthermore, dividing female entrepreneur investors into groups according to the elements this chapter identifies as impacting their individual investment choices might be interesting. This grouping of female investors and entrepreneurs is shown

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