



# **Investment Behaviour and Financial Independence among Women Professionals in Ernakulam, Kerala**

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## **INTRODUCTION –**

### **1.1 Background of the Study**

Investment behaviour plays a vital role in determining the long-term financial stability and economic well-being of individuals and households. In the contemporary economic environment, mere saving is no longer sufficient to ensure financial security due to rising inflation, fluctuating interest rates, and increasing cost of living. As a result, individuals are required to make informed and strategic investment decisions to preserve and enhance their wealth over time.

Over the past few decades, there has been a noticeable increase in the participation of women in professional occupations across sectors such as education, healthcare, information technology, banking, finance, and corporate services. This shift has resulted in women earning independent incomes and becoming active contributors to household finances. Consequently, women professionals are increasingly involved in financial planning and investment decision-making.

At the global level, women professionals are gradually assuming greater control over their personal finances and investment portfolios. However, empirical studies reveal that significant differences continue to exist between men and women in terms of investment participation, risk tolerance, financial literacy, and long-term wealth accumulation. These differences often arise due to socio-cultural norms, income disparities, career interruptions, and limited exposure to financial education. Therefore, understanding the investment behaviour of women professionals has gained importance among researchers, policymakers, and financial institutions.

Financial independence refers to an individual's ability to meet present and future financial needs without relying on others. For women professionals, financial independence is closely associated with empowerment, self-confidence, improved quality of life, and decision-making autonomy. Achieving financial independence through effective investment planning enables women to manage emergencies, plan for retirement, and cope with economic uncertainties such as inflation and job instability. Hence, analysing investment behaviour becomes

essential to understand how women professionals progress towards financial independence.

### **1.2 Global Overview of the Investment Industry**

The global investment industry consists of a wide range of financial instruments, institutions, and markets that facilitate the movement of funds from savers to investors. Major components of the industry include equity markets, debt markets, mutual funds, pension funds, insurance products, derivatives, real estate, and alternative investments. Over time, the investment industry has evolved significantly due to financial liberalisation, technological innovation, and regulatory reforms.

At the global level, investment markets are influenced by macroeconomic factors such as economic growth, inflation rates, interest rate movements, exchange rate fluctuations, and geopolitical developments. Investors adopt diversified portfolios to balance risk and return. The rapid growth of digital investment platforms and financial technology has reduced entry barriers and increased accessibility for retail investors, including women.

Despite these developments, gender disparities persist in global investment participation. Research indicates that women generally prefer low-risk and stable investment options such as bank deposits, insurance products, and pension schemes. While these preferences provide security, they may limit long-term wealth creation due to comparatively lower returns. Understanding these global trends is essential for promoting inclusive financial growth and encouraging women's participation in investment markets.

### **1.3 Segmentation of the Investment Market**

The investment market can be segmented based on asset classes, risk profiles, investment horizons, and investor preferences. Each segment offers distinct characteristics that influence investor behaviour and decision-making.

#### **1.3.1 Equity Market**



Equity investments represent ownership in companies and provide opportunities for capital appreciation and dividend income. Although equity investments have the potential to generate higher returns in the long run, they are subject to market volatility and risk. Women professionals often exhibit lower participation in equity markets due to perceived risk, lack of confidence, and limited exposure to stock market knowledge.

### **1.3.2 Debt Market**

Debt instruments such as bonds and debentures offer fixed and predictable income with relatively lower risk compared to equity investments. These instruments are preferred by risk-averse investors seeking stability and capital preservation. Women professionals often allocate a significant portion of their investments to debt instruments to ensure financial security.

### **1.3.3 Mutual Funds and Collective Investment Schemes**

Mutual funds pool funds from investors and invest them in diversified portfolios managed by professionals. They are suitable for individuals with limited financial expertise. Systematic Investment Plans (SIPs) have gained popularity among women professionals as they promote disciplined investment, long-term wealth creation, and reduced market timing risk.

### **1.3.4 Insurance and Pension Products**

Insurance products provide risk coverage along with savings benefits, while pension products ensure income security during retirement. Due to longer life expectancy and possible career interruptions, women professionals increasingly recognise the importance of insurance and pension planning for financial independence.

### **1.3.5 Alternative Investments**

Alternative investments such as gold, real estate, and commodities hold cultural and economic importance in India. Gold, in particular, is traditionally preferred by women as a safe investment and an effective hedge against inflation.

## **1.4 Regional Analysis of Investment Behaviour**

Investment behaviour varies across regions due to differences in income levels, financial infrastructure, cultural practices, and regulatory environments. In developed economies, women professionals generally demonstrate higher financial literacy and participate in diversified investment portfolios. Strong regulatory frameworks and investor protection mechanisms enhance confidence among women investors.

In emerging economies such as India, women's investment behaviour is influenced by traditional savings habits, family responsibilities, and limited access to financial education. However, rapid digitalisation, financial inclusion initiatives, and increased professional employment are gradually improving women's participation in investment activities.

In the Indian scenario, women's investment participation has historically been low, but recent trends indicate a positive shift. Digital banking services, mutual fund awareness programmes, and targeted government initiatives have contributed to increasing financial awareness among women professionals.

## **1.5 Pricing Strategies in Investment Products**

Pricing strategies in the investment industry refer to the costs associated with investment products, including management fees, transaction charges, and advisory fees. These costs directly affect net returns and play an important role in influencing investor decisions.

Women professionals tend to be cost-conscious investors and prefer transparent and low-cost investment options. The growing popularity of low-expense mutual funds and digital investment platforms reflects this preference for cost efficiency and simplicity.

## **1.6 Investment Trends among Women Professionals**

Several emerging trends influence the investment behaviour of women professionals in India and globally. There is a growing preference for goal-based investment planning, where investments are aligned with specific financial goals such as education, housing, and retirement. Increased adoption of digital investment platforms has improved access to financial information and services.

Women professionals increasingly focus on long-term financial security rather than short-term gains. There is also rising interest in socially responsible and sustainable investments. These trends indicate a gradual shift towards informed and structured investment decision-making.

## **1.7 Market Analysis and Investor Behaviour**

Market analysis involves evaluating economic indicators, market performance, and financial trends to guide investment decisions. Many women professionals rely on financial advisors, peer recommendations, and digital content instead of conducting independent market analysis. This reliance highlights the need for targeted financial literacy programmes designed specifically for women investors.

## **1.8 Hedging against Currency Fluctuations**



Currency fluctuations affect the value of investments, particularly those linked to international markets. Hedging strategies such as diversification, investment in gold, and currency-hedged funds help reduce currency risk. Women professionals generally prefer indirect hedging through conservative asset allocation strategies.

### 1.9 Impact of Inflation on Investment Decisions

Inflation erodes purchasing power and poses a significant challenge to long-term financial independence. Investments must generate returns that exceed inflation to preserve real value. Women professionals often underestimate inflation, resulting in excessive reliance on low-return investment instruments, which may affect long-term wealth creation.

### 1.10 Financial Independence and Women Professionals

Financial independence enables women to make independent financial decisions, manage risks, and achieve long-term stability. For women professionals, financial independence is influenced by income stability, investment behaviour, financial literacy, and socio-cultural factors. Strategic investment planning plays a crucial role in bridging the gap between income generation and wealth accumulation.

### 1.11 Rationale of the Study

Despite increased professional participation and income generation, many women professionals face challenges in achieving financial independence due to conservative investment behaviour and limited financial awareness. This study aims to analyse these challenges in the context of Ernakulam district, Kerala, and contribute to academic literature and policy formulation.

### 1.12 Scope of the Study

The study focuses on women professionals in Ernakulam district and examines their investment preferences, risk tolerance, financial awareness, and level of financial independence. The findings may provide valuable insights for financial institutions, policymakers, educators, and women investors.

### 1.13 Structure of the Research Report

The research report is organised into five chapters:

- Chapter I – Introduction
- Chapter II – Review of Literature and Research Methodology

- Chapter III – Theoretical Perspective and Conceptual Framework
- Chapter IV – Data Analysis and Interpretation
- Chapter V – Findings, Suggestions, and Conclusion

## REVIEW OF LITERATURE AND RESEARCH METHODOLOGY

### 2.1 Introduction

The review of literature constitutes a critical component of any academic research, as it establishes the theoretical and empirical foundation upon which the present study is built. By systematically examining earlier studies, the researcher gains clarity regarding concepts, definitions, methodologies, and findings relevant to the chosen area of research. A comprehensive review of literature not only helps in understanding the evolution of research on a particular topic but also assists in identifying gaps that require further investigation.

The present study focuses on Investment Behaviour and Financial Independence among Women Professionals in Ernakulam, Kerala. With increasing participation of women in professional employment, their role in financial planning and investment decision-making has become more significant. However, despite regular income and educational qualifications, many women professionals continue to exhibit conservative investment behaviour, which may affect their long-term financial independence. In this context, reviewing earlier research becomes essential to understand existing patterns, influencing factors, and outcomes related to women's investment behaviour.

This chapter is divided into two major sections. The first section presents a detailed review of selected national and international studies related to investment behaviour, financial literacy, and financial independence among women. The second section explains the research methodology adopted for conducting the present study, including the research design, data collection methods, sampling techniques, and scope and limitations of the study.

### 2.2 Review of Literature

#### 2.2.1 Barber and Odean (2001)

Area of Study: Gender differences in investment behaviour



Focus of the Study: This study analysed the trading behaviour of male and female investors in financial markets, with special reference to frequency of trading and portfolio performance.

Key Findings: The study found that women investors trade less frequently than men and tend to be more cautious in their investment decisions. Men were observed to engage in excessive trading, which reduced their net returns. Women investors, on the other hand, showed more patience and long-term orientation.

Relevance to the Present Study: This study provides a strong theoretical base for examining gender-based differences in investment behaviour and supports the need to study women professionals separately, as done in the present research.

### **2.2.2 Lusardi and Mitchell (2014)**

Area of Study: Financial literacy and investment planning

Focus of the Study: The study examined the relationship between financial literacy and long-term financial decisions such as savings, investment, and retirement planning across different demographic groups.

Key Findings: The findings revealed that women generally have lower levels of financial literacy compared to men. This lack of financial knowledge negatively affects their investment decisions, retirement planning, and overall financial security.

Relevance to the Present Study: This study highlights the importance of financial awareness and knowledge in shaping investment behaviour and achieving financial independence among women professionals.

### **2.2.3 OECD (2018)**

Area of Study: Women and financial inclusion

Focus of the Study: The study analysed women's participation in financial markets across various countries, with emphasis on investment choices and risk preferences.

Key Findings: Women were found to prefer safe and low-risk investment options such as savings accounts, insurance products, and pension schemes. Risk aversion was identified as a major characteristic of women investors across regions.

Relevance to the Present Study: The findings help explain the conservative investment behaviour commonly observed among women professionals and provide an international context for the present research.

### **2.2.4 Agarwal and Singh (2019)**

Area of Study: Investment behaviour of working women in India

Focus of the Study: The study examined the factors influencing investment decisions of working women in urban areas of India.

Key Findings: Safety of investment, regular income, tax benefits, and liquidity were identified as the most important factors influencing investment decisions. Women showed a strong preference for traditional and low-risk investment avenues.

Relevance to the Present Study: This study supports the need to analyse factors influencing investment behaviour among women professionals in Ernakulam district.

### **2.2.5 Reserve Bank of India (2020)**

Area of Study: Household savings and investment patterns in India

Focus of the Study: The report analysed gender-wise participation in different investment avenues and savings instruments.

Key Findings: Women investors showed higher preference for bank deposits, insurance policies, and gold, while their participation in equity markets and market-linked instruments was comparatively low.

Relevance to the Present Study: This report provides national-level evidence supporting conservative investment behaviour among women and strengthens the relevance of the present study.

### **2.2.6 Securities and Exchange Board of India (SEBI) (2021)**

Area of Study: Retail investor behaviour in Indian capital markets

Focus of the Study: The study focused on participation of women investors in capital markets and their investment attitudes.

Key Findings: Women investors were found to be more patient and long-term oriented but exhibited lower risk tolerance compared to male investors.

Relevance to the Present Study: The study is useful in understanding risk perception and long-term investment behaviour among women professionals.

### **2.2.7 Sharma and Gupta (2020)**



Area of Study: Financial independence of working women

Focus of the Study: The study examined the relationship between income, savings behaviour, and financial independence among working women.

Key Findings: The study concluded that income alone does not ensure financial independence. Proper saving and investment planning are essential for achieving long-term financial security.

Relevance to the Present Study: This study directly supports the objective of analysing the relationship between investment behaviour and financial independence.

### **2.2.8 Joseph and Varghese (2019)**

Area of Study: Investment behaviour of women in Kerala

Focus of the Study: The study analysed investment preferences and awareness levels of women investors in Kerala.

Key Findings: Despite high literacy levels, women preferred traditional investment avenues such as bank deposits and gold due to risk aversion and lack of confidence in market-linked instruments.

Relevance to the Present Study: This study provides strong regional support and justifies focusing on women professionals in Ernakulam district.

### **2.2.9 Nair and Menon (2021)**

Area of Study: Financial literacy among women professionals in Kerala

Focus of the Study: The study assessed awareness of financial products and investment options among women professionals.

Key Findings: The study found that professional education does not always translate into higher financial literacy or better investment decisions.

Relevance to the Present Study: Highlights the need to assess financial awareness levels among women professionals, as done in the present research.

### **2.2.10 International Labour Organization (2020)**

Area of Study: Women professionals and financial security

Focus of the Study: The study examined the role of investment planning in ensuring long-term financial stability among women professionals.

Key Findings: Women who engaged in systematic investment planning were better prepared for emergencies, career breaks, and retirement.

Relevance to the Present Study: Establishes a clear link between investment behaviour and financial security, supporting the conceptual framework of the study.

### **2.3 Research Gap**

The review of existing literature indicates that considerable research has been carried out on investment behaviour and financial independence of women at international and national levels. Many studies have focused on gender differences in investment behaviour, financial literacy among women, and women's participation in financial markets. Similarly, a number of studies have examined financial independence and economic empowerment of women in general. However, these studies often analyse investment behaviour and financial independence as separate concepts rather than examining the relationship between the two.

Further, most of the available studies are conducted at a macro level, covering large geographical areas or metropolitan cities, and therefore fail to capture the specific investment patterns and financial challenges faced by women professionals at a micro or district level. Very few studies focus exclusively on women professionals, who differ from other groups of women in terms of income stability, educational background, and exposure to financial products.

In the context of Kerala, limited studies have examined investment behaviour of women, and even fewer have analysed financial independence among women professionals. Moreover, district-specific studies focusing on Ernakulam, which is a major commercial and professional hub of Kerala, are scarce. The unique socio-economic environment of Ernakulam, characterised by high literacy levels, urbanisation, and professional employment, makes it important to study women professionals separately.

Therefore, a clear research gap exists in understanding how investment behaviour influences financial independence among women professionals at a district level. The present study attempts to fill this gap by analysing the investment behaviour and level of financial independence among women professionals in Ernakulam district, Kerala.

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## 2.4 Research Methodology

Research methodology refers to the systematic framework adopted by the researcher to conduct the study in an organised and scientific manner. It outlines the procedures used for collecting, analysing, and interpreting data so as to achieve the objectives of the study effectively. A well-planned research methodology enhances the reliability and validity of the research findings.

The present study adopts a **descriptive and analytical research design**. The descriptive design is used to understand the existing investment behaviour and level of financial independence among women professionals, while the analytical design helps in examining the relationship between these two variables. The study is primarily based on **primary data**, which is collected through a structured questionnaire

administered to women professionals working in Ernakulam district.

The questionnaire is carefully designed to collect information regarding demographic details, investment preferences, risk tolerance, financial awareness, and indicators of financial independence. To support the primary data, **secondary data** is collected from books, academic journals, research articles, government reports, and websites related to finance and investment.

The population of the study consists of women professionals in Ernakulam district. Due to limited time and accessibility, a convenience sampling technique is adopted for selecting respondents. The study is conducted within Ernakulam district, Kerala, and covers a period of one academic year from 2025 to 2026.

The collected data will be analysed using simple statistical tools such as percentage analysis and graphical representations for easy interpretation. Thus, the research methodology adopted is suitable for analysing investment behaviour and financial independence among women professionals.

### 2.4.1 Statement of the Problem

In recent years, women's participation in professional employment has increased significantly, resulting in higher income and greater financial responsibility. Despite this, many women professionals do not actively engage in systematic investment planning. Their investment decisions are often conservative, focusing on low-risk and traditional investment avenues, which may not be sufficient to ensure long-term financial independence.

Lack of financial awareness, low risk tolerance, and dependence on informal advice further some of the major factors affecting investment behaviour. Therefore, the problem of the present study is to analyse the investment behaviour of women professionals and examine how it influences their level of financial independence in Ernakulam district.

### 2.4.2 Objectives of the Study

1. To study the investment behaviour of women professionals in Ernakulam district.
2. To identify the factors influencing investment decisions of women professionals.
3. To analyse the level of financial independence among women professionals.

4. To examine the relationship between investment behaviour and financial independence.

### 2.4.3 Hypotheses of the Study

Based on the objectives of the study, the following hypotheses are formulated:

- **Null Hypothesis (H<sub>0</sub>):** There is no significant relationship between investment behaviour and financial independence among women professionals.
- **Alternative Hypothesis (H<sub>1</sub>):** There is a significant relationship between investment behaviour and financial independence among women professionals.

These hypotheses help in testing the relationship between the major variables of the study.

### 2.4.4 Research Design

The present study adopts a descriptive and analytical research design to examine the investment behaviour and financial independence of women professionals in Ernakulam district. A descriptive research design is used to describe and understand the existing patterns of investment behaviour, investment preferences, risk tolerance, and level of financial independence among women professionals. This design helps in presenting a clear picture of the current situation without influencing or manipulating the variables under study.

In addition, an analytical research design is employed to analyse the relationship between investment behaviour and financial independence. Through analytical techniques, the study examines how different aspects of investment behaviour, such as investment choices, frequency of investment, and risk perception, influence the level of financial independence among women professionals. The analytical approach helps in drawing meaningful conclusions based on the data collected.

The combined use of descriptive and analytical research design is suitable for the present study, as it allows the researcher to both describe existing conditions and analyse relationships between variables. This design is particularly appropriate for social science and management studies where variables cannot be controlled or manipulated. Therefore, the selected research design provides a systematic and scientific approach to achieve the objectives of the study and ensures reliability and validity of the research findings.

### Data Collection Methods

The present study is based on both primary data and secondary data. Using both types of data helps in improving the accuracy and reliability of the research.

**Primary data** is collected directly from women professionals in Ernakulam district with the help of a structured questionnaire. The questionnaire is designed in a simple and clear manner so that respondents can easily understand and answer the questions. It includes questions related to personal details, investment preferences, risk tolerance, financial awareness, and level of financial independence. Collecting primary data helps the researcher to obtain first-hand and original information that is directly relevant to the objectives of the study.

**Secondary data** is collected from various published and unpublished sources such as books, academic journals, research articles, government reports, websites, and publications of financial institutions. Secondary data provides useful background information and helps in understanding theoretical concepts related to investment behaviour and financial independence. It also supports the interpretation of primary data and strengthens the overall analysis of the study.

Thus, the use of both primary and secondary data ensures a comprehensive and systematic approach to the research.

### 2.4.6 Sampling Method and Sampling Technique

The population of the present study consists of women professionals working in Ernakulam district. Women professionals include those employed in sectors such as education, healthcare, information technology, banking, finance, and corporate services. Since it is not possible to collect data from the entire population due to time and practical constraints, a sampling method is adopted.

For the purpose of this study, a convenience sampling technique is used to select respondents. Convenience sampling involves selecting respondents who are easily accessible and willing to participate in the study. This method is commonly used in academic research where the researcher faces limitations related to time, cost, and accessibility of respondents.

The use of convenience sampling allows the researcher to collect data efficiently within the available time frame. Although this technique may limit the generalisation of the findings to a larger population, it is considered suitable for exploratory and descriptive studies such as the present one. The proposed sample size for the study ranges between 100 and 150 respondents, which is considered adequate to analyse

investment behaviour and financial independence among women professionals.

#### 2.4.7 Research Instrument

The research instrument refers to the tool used by the researcher to collect primary data from the respondents. In the present study, a structured questionnaire is used as the main research instrument to collect data from women professionals in Ernakulam district. The questionnaire method is chosen as it is economical, time-saving, and suitable for collecting data from a large number of respondents.

The questionnaire is designed in a simple and clear manner so that respondents can easily understand the questions and provide accurate answers. Care has been taken to avoid technical terms and complicated language in order to reduce confusion and response errors. The questions are framed based on the objectives of the study to ensure relevance and consistency.

The questionnaire is divided into different sections. The first section collects demographic information such as age, educational qualification, occupation, income level, and marital status. The second section focuses on investment behaviour, including types of investment preferred, frequency of investment, risk tolerance, and factors influencing investment decisions. The third section deals with financial awareness, covering knowledge about financial products and investment planning. The final section measures financial independence, including savings behaviour, emergency fund availability, retirement planning, and financial decision-making ability.

#### 2.4.8 Area of Study (Elaborated)

- The present study is conducted in **Ernakulam district of Kerala**, which is one of the most developed and economically significant districts in the state.
- Ernakulam is a major **commercial and professional hub**, housing a large number of public and private organisations, educational institutions, hospitals, IT companies, banks, and corporate offices.
- The district has a **high concentration of women professionals** working in sectors such as education, healthcare, information technology, banking, finance, and corporate services.
- Women professionals in Ernakulam have access to **modern financial services**, including digital banking, mutual fund investments, insurance products, and online trading platforms.

- At the same time, traditional investment practices such as investment in bank deposits, gold, and insurance are also commonly followed in the district.
- The coexistence of **traditional and modern investment avenues** makes Ernakulam a suitable area for studying investment behaviour.
- The selection of Ernakulam district helps in understanding how professional women balance risk, return, and financial security in their investment decisions.
- Therefore, Ernakulam district is considered an appropriate and relevant area for analysing investment behaviour and financial independence among women professionals.

#### 2.4.9 Period of Study

The period of the present study covers one academic year from 2025 to 2026. This duration is considered sufficient to carry out all stages of the research in a systematic and organised manner. The selected time period allows the researcher to collect current and relevant data on investment behaviour and financial independence among women professionals in Ernakulam district.

#### Stages Covered During the Period of Study

- Review of relevant books, journals, research articles, and reports related to the study.
- Preparation and finalisation of the structured questionnaire.
- Collection of primary data from women professionals in Ernakulam district.
- Compilation, coding, and classification of the collected data.
- Analysis and interpretation of data using appropriate methods.
- Preparation and writing of the final project report.

The chosen period of study ensures that the data collected reflects the present investment behaviour and financial independence status of women professionals. Hence, the selected time frame is adequate and appropriate for achieving the objectives of the study.

#### 2.4.10 Scope of the Study (Elaborated)

The scope of the present study is confined to analysing the investment behaviour and financial independence of women professionals in Ernakulam district of Kerala. The study focuses on understanding how women professionals plan and manage their investments and how these investment decisions contribute to their level of financial independence. It examines various aspects related to financial planning and decision-making among women professionals. The study does not include homemakers or self-employed women, as their income patterns and financial responsibilities differ from those of professionally employed women.

#### Scope Covered in the Study

- Analysis of investment preferences of women professionals.
- Study of risk tolerance levels in investment decision-making.
- Assessment of financial awareness and knowledge about investment options.
- Identification of factors influencing investment decisions.
- Evaluation of savings behaviour of women professionals.
- Examination of availability of emergency funds.
- Analysis of retirement planning practices.
- Study of financial decision-making ability and independence.

#### 2.4.11 Limitations of the Study (Elaborated)

The present study has the following limitations:

- The study is confined to Ernakulam district only.
- The results are based on the responses given by the respondents.
- Limited time and sample size restrict wider generalisation.
- Personal bias of respondents may affect the accuracy of data.

#### 2.5 Summary

This chapter discussed the research gap and explained the research methodology adopted for the study titled “*Investment Behaviour and Financial Independence among Women Professionals in Ernakulam, Kerala.*” The chapter clearly

defined the problem, objectives, hypotheses, research design, and methods of data collection. It also explained the sampling technique, research instrument, area and period of study, scope, and limitations. This methodological framework provides a strong base for analysing the data, which is presented in the next chapter.

### **THEORETICAL PERSPECTIVE AND CONCEPTUAL FRAMEWORK**

#### 3.1 Introduction

Chapter III explains the theoretical background and conceptual framework of the present study. The purpose of this chapter is to provide a clear understanding of the key concepts, definitions, and theories related to investment behaviour and financial independence. It helps in identifying the major variables of the study and explaining the relationship between them.

This chapter discusses important concepts such as investment, investment behaviour, financial literacy, risk perception, and financial independence. It also presents the theoretical perspectives relevant to the study and develops a conceptual framework that links investment behaviour with financial independence among women professionals. The framework provides a foundation for data analysis and interpretation in the subsequent chapter.

#### 3.2 Concept of Investment

Investment refers to the allocation of money or financial resources into various assets or financial instruments with the expectation of earning income or capital appreciation over a period of time. In simple terms, investment involves postponing current consumption in order to achieve future financial benefits. Unlike savings, which mainly focus on safety and liquidity, investment aims at wealth creation and long-term financial growth.

Investment plays a vital role in personal financial planning as it helps individuals to meet future financial goals such as purchasing assets, funding education, planning for retirement, and managing unexpected expenses. In the modern economic environment, investment has become essential to protect purchasing power against inflation and rising living costs. Without proper investment, savings may lose their real value over time.

Investments can be made in various forms such as bank deposits, mutual funds, shares, bonds, insurance policies, real estate, and gold. Each investment avenue differs in terms of risk, return, and liquidity. Therefore, investors need to choose

investment options based on their income level, risk tolerance, financial goals, and time horizon.

For women professionals, investment is particularly important as it contributes to financial security and independence. Regular income earned through professional employment provides an opportunity to invest systematically and build long-term wealth. Effective investment planning enables women professionals to manage financial risks, achieve economic independence, and ensure stability during different stages of life, including retirement.

### **3.3 Investment Behaviour**

Investment behaviour refers to the attitudes, perceptions, and decision-making patterns of individuals while selecting and managing their investments. It explains how investors choose different investment avenues, decide the amount to invest, determine the investment period, and respond to risk and uncertainty in financial markets. Investment behaviour varies from person to person and is influenced by both rational and emotional factors.

Investment behaviour is shaped by several factors such as income level, financial knowledge, risk tolerance, personal financial goals, and social environment. Psychological factors like fear of loss, overconfidence, and past investment experiences also play an important role in influencing investment decisions. As a result, investment decisions are not always purely rational.

Among women professionals, investment behaviour is often characterised by a preference for safety, stability, and long-term financial security. Women professionals tend to invest in low-risk and traditional investment avenues such as bank deposits, insurance, and gold. This cautious approach is influenced by factors such as job security concerns, family responsibilities, and lower risk tolerance.

Understanding investment behaviour is important because it helps in analysing why individuals prefer certain investment options and how these choices affect long-term financial outcomes. In the present study, analysing investment behaviour helps in understanding its impact on financial independence among women professionals in Ernakulam district.

### **3.4 Factors Influencing Investment Behaviour of Women Professionals**

Investment behaviour of women professionals is influenced by many factors related to their income, knowledge, attitude, and social environment. These factors affect how women professionals save money, choose investment options, and plan

for their financial future. Investment decisions are not made in isolation but are shaped by personal and external influences. The major factors influencing investment behaviour of women professionals are explained below.

#### **3.4.1 Income Level**

Income level plays a very important role in determining investment behaviour. Women professionals earn income through their employment. After meeting household and personal expenses, the remaining income is used for saving and investment. When income level is high, women professionals can save more money regularly. Higher income allows them to invest in different investment options such as mutual funds, pension schemes, and market-linked products.

Women professionals with higher income can also diversify their investments. Diversification helps in reducing risk and increasing returns. On the other hand, women with lower income have limited surplus funds. They often prefer safe and low-risk investments such as bank deposits and insurance. Therefore, income level directly affects the amount invested, type of investment, and frequency of investment.

#### **3.4.2 Financial Literacy**

Financial literacy means having knowledge and understanding of financial products and investment concepts. Women professionals with good financial literacy are aware of different investment avenues available in the market. They understand concepts such as risk, return, inflation, and diversification. Financial literacy helps women professionals to compare different investment options and select suitable investments. When financial literacy is high,

women professionals can make informed investment decisions. They are less dependent on others for financial advice. On the other hand, lack of financial literacy leads to confusion and fear. Women with low financial knowledge often depend on family members or friends for investment decisions. This may lead to conservative or inappropriate investment choices. Hence, financial literacy strongly influences investment behaviour.

#### **3.4.3 Risk Tolerance**

Risk tolerance refers to the ability and willingness of an individual to accept financial loss. Women professionals generally have low to moderate risk tolerance. They prefer investments that offer safety and stability. Fear of losing money is one of the main reasons for avoiding risky investments.

Women professionals often choose low-risk investment options such as fixed deposits, insurance policies, and government schemes. High-risk investments like equity shares are usually avoided due to uncertainty and market fluctuations. Risk tolerance also depends on age, income, and family responsibilities. Therefore, risk tolerance plays a significant role in shaping investment behaviour.

#### **3.4.4 Investment Objectives**

Investment objectives refer to the purpose for which money is invested. Women professionals invest money to achieve different financial goals. Common investment objectives include safety of capital, regular income, long-term growth, tax savings, and retirement planning.

Many women professionals give priority to safety and financial security. They invest to meet future needs such as children's education, medical expenses, and retirement. Investment objectives influence the choice of investment avenues and investment period. Different objectives lead to different investment decisions. Hence, investment objectives guide the investment behaviour of women professionals.

#### **3.4.5 Social and Psychological Factors**

Social factors play an important role in investment decisions. Family members, especially spouses and parents, influence investment behaviour of women professionals. Advice from friends, colleagues, and relatives also affects investment choices. Cultural beliefs and social norms further shape financial behaviour.

Psychological factors include fear, confidence, attitude towards money, and past investment experience. Fear of loss makes women professionals cautious. Confidence helps them to take better financial decisions. Positive past experiences encourage future investments, while negative experiences reduce risk-taking. Thus, social and psychological factors significantly influence investment behaviour.

### **3.5 Classification of Investment Avenues**

Investment avenues refer to the different options available for investing money. These avenues can be classified based on the level of risk involved and the expected return. Understanding the classification of investment avenues helps investors to select suitable investments according to their income level, risk tolerance, and financial goals. In the present study, investment avenues are broadly classified into low-risk, medium-risk, and high-risk investments.

#### **3.5.1 Low-Risk Investments**

Low-risk investments are those investment options that involve minimal risk of loss and provide stable and assured returns. These investments are preferred by risk-averse investors who prioritise safety of capital over high returns. Common examples of low-risk investments include bank fixed deposits, post office savings schemes, provident funds, and insurance policies.

These investment avenues provide security and regular income, but the rate of return is generally low. They are suitable for individuals who seek financial stability and security. Women professionals often prefer low-risk investments due to fear of loss, family responsibilities, and long-term financial security needs.

#### **3.5.2 Medium-Risk Investments**

Medium-risk investments offer a balance between risk and return. These investments involve moderate risk and have the potential to generate better returns than low-risk investments. Examples include mutual funds, bonds, and debentures.

Mutual funds allow investors to invest in diversified portfolios managed by professionals, which helps in reducing risk. Medium-risk investments are suitable for investors who are willing to take some risk to achieve higher returns. Women professionals with moderate risk tolerance often invest in these options to balance safety and growth.

#### **3.5.3 High-Risk Investments**

High-risk investments involve a higher level of risk but also offer the potential for higher returns. Equity shares and market-linked instruments fall under this category. These investments are subject to market fluctuations and price volatility.

High-risk investments require good financial knowledge and high risk tolerance. Women professionals generally show lower participation in high-risk investments due to uncertainty and lack of confidence. However, such investments can generate significant returns in the long run if managed properly.

### **3.6 Concept of Financial Independence**

Financial independence refers to the ability of an individual to meet personal and household financial needs without depending on others. It includes having sufficient income, savings, and investments to manage expenses, emergencies, and future goals.

For women professionals, financial independence leads to economic security, confidence, and decision-making power. Financial independence depends not only on income but also on effective saving and investment behaviour.

### 3.7 Indicators of Financial Independence

Financial independence can be assessed using the following indicators:

- Savings adequacy
- Investment portfolio
- Availability of emergency funds
- Retirement planning
- Financial decision-making ability

### 3.8 Theoretical Perspectives Relevant to the Study

Theoretical perspectives help in understanding the basic ideas and principles that explain investment behaviour and financial decision-making. In the present study, certain financial theories are used to explain how women professionals make investment decisions and how these decisions influence their financial independence. The major theories relevant to the study are explained below.

#### 3.8.1 Traditional Finance Theory

Traditional finance theory is based on the assumption that investors are rational and make investment decisions after carefully analysing available information. According to this theory, investors aim to maximise returns and minimise risk. It assumes that investors have complete knowledge of the market and always act logically while choosing investment options.

However, in real life, investors do not always behave in a fully rational manner. Emotional factors, lack of information, and personal preferences often influence investment decisions. In the context of women professionals, traditional finance theory does not completely explain their conservative investment behaviour, as many women prefer safety and stability over high returns. Therefore, this theory has limited applicability in explaining actual investment behaviour.

#### 3.8.2 Behavioural Finance Theory

Behavioural finance theory explains how psychological and emotional factors influence investment decisions. It recognises that investors are not always rational and that emotions such as fear, confidence, and past experiences affect financial behaviour.

This theory is highly relevant to the present study, as women professionals often exhibit cautious investment behaviour. Fear of loss, low confidence in market-linked instruments, and preference for safety influence their investment choices. Behavioural finance theory helps in understanding why women

professionals prefer low-risk investments even when higher-return options are available.

#### 3.8.3 Life-Cycle Theory of Investment

Life-cycle theory of investment states that individuals save and invest during their earning years to meet future financial needs. According to this theory, people plan their savings and investments based on different stages of life, such as employment, family responsibilities, and retirement.

For women professionals, this theory is important because they invest to achieve long-term financial goals such as children's education, healthcare needs, and retirement security. The theory explains the importance of systematic investment planning for achieving financial independence in later stages of life.

### 3.9 Conceptual Framework of the Study

The conceptual framework explains the relationship between the major variables of the study.

- **Independent Variables:**

- Income level
- Financial literacy
- Risk tolerance
- Investment objectives

- **Intervening Variable:**

Investment behaviour (investment preference, risk level, investment frequency)

- **Dependent Variable:**

Financial independence (savings adequacy, financial security, retirement preparedness)

This framework shows that investment behaviour acts as a link between influencing factors and financial independence.