

**EFFECT OF FINANCIAL LITERACY ON INVESTMENT  
DECISION OF WOMEN ENTREPRENEURS IN KATHMANDU  
METROPOLITAN**

A Dissertation Submitted to the Office of the Dean, Faculty of Management in Partial  
Fulfillment of the Requirements for the Masters of Business Studies (MBS)

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## **CERTIFICATION OF AUTHORSHIP**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Effect of Financial Literacy on the Investment Decisions of Women Entrepreneurs in Kathmandu Metropolitan**” The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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**REPORT OF RESEARCH COMMITTEE**

Ms. Sita Bist has defended research proposal entitled “**Effect of Financial Literacy on the Investment Decisions of Women Entrepreneurs in Kathmandu Metropolitan**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Arun Neupane and submit the thesis for evaluation and viva voce examination.

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## APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled “**Effect of Financial Literacy on the Investment Decisions of Women Entrepreneurs in Kathmandu Metropolitan**” presented by Ms. Sita Bist for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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## ABBREVIATIONS

CA	:	Correlation Analysis
DA	:	Descriptive Analysis
DV	:	Dependent Variable
FA	:	Financial Attitude
FB	:	Financial Behavior
FS	:	Financial Skill
ID	:	Investment Decision
IS	:	Inferential Statistics
IV	:	Independent Variable
KIP	:	Knowledge about Investment Products
OLS	:	Ordinary Least Squares
PLS	:	Partial Least Squares
SEM	:	Structural Equation Modeling
SN	:	Subjective Norms
SPSS	:	Statistical Package for the Social Sciences
SQ	:	Structured Questionnaire
TU	:	Tribhuvan University
$\alpha$	:	Cronbach's Alpha

## ABSTRACT

This study has investigated the effect of financial literacy on the investment decision of women entrepreneurs in Kathmandu Metropolitan. The main objective is to examine how different dimensions of financial literacy influence investment decisions, with specific aims to assess the current situation, examine relationships and analyze the individual impact of these dimensions. A descriptive, correlational and causal-comparative research design has been adopted. The target population has included women entrepreneurs from sectors such as retail, agriculture, manufacturing, home-based, and online businesses. Based on Cochran's (1977) formula, the required sample size was 384, but 462 valid responses have been collected using convenience sampling. Primary data have been gathered through structured questionnaires administered both online and in person. The study has considered FB, FA, FS, KIP and SN as independent variables with ID as the dependent variable. Data analysis has involved reliability testing, demographic profiling, descriptive statistics and inferential statistics including correlation and regression analysis. Cronbach's alpha values ranging from 0.653 to 0.760 have confirmed acceptable reliability. Demographic results have shown most respondents are aged 25–35, have completed +2 or bachelor's education, possess 4–6 years of entrepreneurial experience, and earn Rs. 25,000–50,000 monthly. Descriptive statistics have indicated strong financial attitudes and behaviors, with relatively lower levels of skill and product knowledge. Correlation analysis has revealed strong positive and significant relationships between all independent variables with investment decision. Regression results have shown that financial skill, financial attitude and knowledge about investment products significantly and positively influence investment decisions with financial skill being the most impactful; financial behavior and subjective norms have shown positive but insignificant effects. In conclusion, enhancing financial skills, attitudes, and investment knowledge is essential for improving investment decisions among women entrepreneurs. The study has offered implications for targeted financial literacy programs and recommended further research to explore broader contexts and long-term outcomes.

**Keywords:** *Investment Decision, Financial Behavior, Financial Attitude, Financial Skill, Knowledge about Investment Products, Subjective Norms.*

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Financial knowledge became indispensable for women entrepreneurs of Kathmandu Metropolitan, in which over 10,000 women, as per the Federation of Women Entrepreneurs' Associations of Nepal (FWEAN), drove economic growth although constrained by limited access to finance and social norms. Financial literacy, including financial behavior, attitude, capability, investment product knowledge, and subjective norms, facilitated women to make efficient investment decisions. The Theory of Planned Behavior highlighted how attitudes and subjective norms toward money affected investment intention in the patriarchal context of Kathmandu (Ajzen, 1991; FWEAN, 2023; Lusardi & Mitchell, 2014).

Financial literacy components were instrumental in making investment decisions. Financial attitudes and behavior affected risk perception, and investment product knowledge and ability helped in strategic choice-making. In India, financial knowledge improved the quality of investment choices, a consideration in Kathmandu as well, where only 18% of women learned formal financial education in 2023 (Gupta et al., 2024; Nepal Rastra Bank, 2023). The 2024 study by the Nepal Stock Exchange confirmed that attitudes and knowledge towards money bettered the investment choices of women (Chalise et al., 2024).

Subjective norms, which were propelled by pressures from society and family, greatly impacted women's investment decisions in Kathmandu. The Theory of Planned Behavior emphasized social pressures impacting financial behaviors, normally limiting autonomy (Ajzen, 1991). In Pakistan, financial literacy and social support boosted investment confidence, something that was valid in Kathmandu, where 62% of 384 interviewed women cited pressures from society as obstacles (Hasan & Khan, 2021; Acharya & Chittaranjan, 2018).

Financial literacy and expertise were crucial when dealing with the markets of Kathmandu. Human Capital Theory postulated that investments in skills enhanced economic performance, as demonstrated in Nigeria, where financial expertise increased investment effectiveness (Becker, 1964; Egbo et al., 2020). In Kathmandu,

financial literacy among women was 38.6%, while that of men stood at 56.5%, marking a discrepancy that discouraged investment making (Nepal Rastra Bank, 2022).

Behavioral theories explain investment decision-making. Prospect Theory illustrated loss aversion's influence on women's decision-making behavior, where money literacy cut down on irrational choices (Kahneman & Tversky, 1979). The Behavioral Life Cycle Theory highlighted how individual behavior and self-control, supported by capability, aided the distribution of resources in Kathmandu's competitive market (Shefrin & Thaler, 1988; Osei & Adams, 2021).

Kathmandu's entrepreneurial ecosystem, aided by FWEAN and government initiatives, was hindered by limited access to credit, where 5.2% of the public sector bank credit was extended to women-led enterprises (World Bank, 2022). FWEAN's 2023 initiatives provided training to more than 2,000 women, enhancing investment skills, but bureaucratic obstacles remained (Kathmandu Post, 2023). The 2020 Women Entrepreneurship Development Strategy was designed to overcome these shortcomings (FWEAN, 2023).

Financial services were transforming women's entrepreneurship in Kathmandu. With 15% of women utilizing digital payment, market access was enhanced (World Bank, 2023). Digital finance elevated business for women in Bangladesh, a model that could be applied in Kathmandu, where education on investment products was the top priority (Mishra & Ranjan, 2020).

Economic difficulties, such as an 8% consumer price index in 2023, weighed heavily on women-owned MSMEs in Kathmandu (Nepal Rastra Bank, 2023). Economic planning, an aspect of financial literacy, assisted women in overcoming challenges, as has been observed in Vietnam, where flexibility enhanced investment results (Nguyen & Tran, 2020). Several women were besieged by informal sector limitations, hindering subsidy availability (FWEAN, 2023).

Financial literacy reduced behavioral biases, such as in Pakistan where it restrained overconfidence, leading to good investment choices (Ahmad & Shah, 2020). The Financial Literacy Theory highlighted how knowledge and ability facilitated well-educated decisions, which mattered to Kathmandu's female entrepreneurs in volatile markets (Lusardi & Mitchell, 2011; Iram et al., 2022).

Nepal's 2023 Financial Inclusion Report indicated that 89% of women utilized formal financial services, but only 10.61 million women had bank accounts compared to 19.11 million men (Nepal Rastra Bank, 2021). FWEAN's 2023 Women Entrepreneurs Fair and the 2025 Academy for Women Entrepreneurs bootcamp in Kathmandu empowered women by equipping them (Ghimire, 2025; FWEAN, 2023).

International trends, as observed in Morocco's state-sponsored financial education programs, have been of great progress in women's entrepreneurial success via offers of skills in finance management and access to resources, offering a model for Kathmandu (Boubker et al., 2021). In Nepal, the report in 2022 talked about that women-owned enterprises, which constitute 24% of registered enterprises, are held back from expanding due to limited access to credit and weak financial literacy (Government of Nepal, 2022). Such enterprises are disadvantaged when it comes to accessing financial systems, taking loans, and managing cash flow, which stifles their growth potential. By rolling out organized financial literacy programs like those of Morocco, Kathmandu can empower women entrepreneurs with knowledge to make sound financial decisions, enhance their ability to raise capital, and foster viable business expansion, enhancing the local economy and furthering gender empowerment in entrepreneurship.

This study strives to examine the influence of financial literacy on investment decisions among women entrepreneurs in Kathmandu Metropolitan. It examines the independent variables such as financial behavior, financial attitude, financial ability, investment product knowledge and subjective norms and how they influence the dependent variable investment decision. The study intends to understand how financial literacy contributes to empowering women entrepreneurs to make strategic investment decisions that facilitate economic empowerment and long-term business expansion in the vibrant urban economy of Kathmandu.

## **1.2 Problem Statement**

The financial literacy of women businesswomen in Kathmandu Metropolitan was also less researched before, but it also plays an important role in influencing their investment decisions. Previous little research focused on the overall scenario instead of Kathmandu specifically, where women businesswomen, over 10,000 as per the Federation of Women Entrepreneurs' Associations of Nepal (FWEAN), had to deal

with particular socio-economic conditions like limited funds and societal norms. Although global studies indicated the importance of dimensions such as financial behavior, financial attitude, financial skill, investment product knowledge, and subjective norms in enhancing investment decisions, not much had been undertaken in precise research on these dynamics in Kathmandu's urban scene. For instance, Gupta et al. (2024) set up that financial literacy and confidence improved the quality of investment decisions among rural Indian women entrepreneurs but this was not aptly tested in the case of Kathmandu. This gap necessitated an investigation into the current status of financial literacy and its effects on investment decisions among women entrepreneurs in Kathmandu.

Previous studies provided valuable contributions to the impacts of financial literacy on women entrepreneurs but were not region-specific to Nepal's Kathmandu Metropolitan. Hasan and Khan (2021) demonstrated in Pakistan that financial literacy, that is, knowledge and adaptability, enhanced the quality of investment choices, yet the findings were not specifically applied in Nepal's urban entrepreneurial context. Similarly, Chalise et al. (2024) researched financial literacy among Nepalese women investors in the Nepal Stock Exchange and concluded there were significant relationships between financial attitudes, behaviors, and knowledge with financial literacy, but the research was not targeted towards women entrepreneurs or investment decision outcomes in Kathmandu. The absence of local research left a critical knowledge deficiency regarding how the factors of financial literacy influenced investment decisions in this unique socio-economic environment.

The relationship between the financial literacy dimensions and investment decisions remained under researched in Kathmandu. Although studies like Sharma and Patel (2024) in India showed that financial planning and managing risk correlated with higher investment success, the exact relationship between financial behavior, attitude, ability, investment product knowledge, and subjective norms remained to be explored in depth in the case of Kathmandu. In Indonesia, Sari and Asyik (2022) found that budgeting ability and financial knowledge improved the quality of investment decisions, but such correlations were not thoroughly investigated for women entrepreneurs in Kathmandu, who operated in a distinct cultural and economic

environment. The gap made it necessary to investigate these correlations to inform evidence-based interventions in financial literacy.

The function of financial literacy components on the impact of investment decisions is still understudied in Kathmandu. Although theories like the Theory of Planned Behavior (Ajzen, 1991) and Prospect Theory (Kahneman & Tversky, 1979) have been applied globally to explain investment behavior, they are still inadequately tested in the entrepreneurial environment in Kathmandu. Iram et al. (2022), for instance, found that financial literacy reduced behavioral biases in Pakistan to improve investment decisions. However, no study to date has examined the influence of these factors on women entrepreneurs' investment decisions in Kathmandu. This underscores the need for locally appropriate research, considering the fact that socio-economic and cultural factors influencing financial behavior are different in every place.

Empirical findings from elsewhere offered partial support but were unable to leverage entirely in Kathmandu. Egbo et al. (2020) corroborated risk management and financial literacy to increase investment effectiveness in Nigeria, while Nguyen and Tran (2020) found financial planning to be crucial in Vietnam. These researches did not consider, however, the unique Kathmandu challenges such as a consumer price index of 8 percent in 2023 and limited credit access, where only 5.2 percent of public sector loans were made available to women-owned enterprises (World Bank, 2022; Nepal Rastra Bank, 2023). Social-cultural limitations, private business practices, and a volatile economy make the financial decisions of women entrepreneurs even more complicated. This emphasizes the necessity for local research that studies how financial literacy can solve Kathmandu's unique conditions.

The theoretical base of financial literacy theories like Human Capital Theory which emphasized the linking of ability with improved economic performance (Becker, 1964) and Financial Literacy Theory which demanded knowledge and attitudes in pursuit of improved decision-making (Lusardi & Mitchell, 2011) has been studied extensively from various perspectives across the globe. However, these theories have not been applied strictly and tested within the given socio-economic and cultural context of Kathmandu. For example, Mishra and Kumar (2022) claimed that financial literacy mitigated excessive risk-taking by India's huge and heterogeneous population, but there are no such studies specifically focusing on women entrepreneurs in

Kathmandu, Nepal, with similarly distinctive social, cultural, and economic problems different from other locations. This unmet theoretical void and inadequate context-specific research have resulted in weak evidence on how these particular dimensions of financial literacy and investment decision-making are experienced and practiced within the particular context of Kathmandu, preventing it to adapt interventions or policies that can effectively support this population.

The poor investigation into financial literacy's status, relations and effects of Kathmandu Metropolitan raised significant study questions. Previous literature, such as Younas and Rafay (2021) in Pakistan, had found that budgeting skill and financial literacy enhanced investment decision quality but was required to be tested in Kathmandu where women entrepreneurs worked within informal sector constraints and patriarchal roles. Similar to Osei and Adams (2021) in Ghana, the effectiveness of financial literacy in improving investments was highlighted but was yet to be comprehensively studied in urban entrepreneurial Kathmandu. This difference made it necessary to have a special study to address these deficiencies. These gaps are addressed in this work through researching the following research questions:

- i. What is the current situation of financial literacy and investment decision of women entrepreneurs in Kathmandu Metropolitan?
- ii. What is the relationship between financial literacy dimensions with investment decision of women entrepreneurs in Kathmandu Metropolitan?
- iii. How do financial literacy dimensions affect the investment decision of women entrepreneurs in Kathmandu Metropolitan?

### **1.3 Objectives of the Study**

The main objective of this study is to analyze the effect of financial literacy on the investment decisions of women entrepreneurs in Kathmandu Metropolitan. To achieve this main objective, address the limited results of previous studies, and test the assumptions of relevant theories, this study has the following specific objectives:

- i. To assess the current situation of financial literacy and investment decision of women entrepreneurs in Kathmandu Metropolitan.
- ii. To examine the relationship between financial literacy dimensions with the investment decision of women entrepreneurs in Kathmandu Metropolitan.

- iii. To analyze the effect of financial literacy dimensions on the investment decision of women entrepreneurs in Kathmandu Metropolitan.

#### **1.4 Research Hypotheses**

In this study, to test the significant effect of financial literacy dimensions on the investment decisions of women entrepreneurs in Kathmandu Metropolitan, hypotheses have been formulated based on those previously developed by Chalise et al. (2024) and Koti (2019). The hypotheses are as follows:

H<sub>1</sub>: There is significant effect of financial behavior on the investment decision of women entrepreneurs in Kathmandu Metropolitan.

H<sub>2</sub>: There is significant effect of financial attitude on the investment decision of women entrepreneurs in Kathmandu Metropolitan.

H<sub>3</sub>: There is significant effect of financial skill on the investment decision of women entrepreneurs in Kathmandu Metropolitan.

H<sub>4</sub>: There is significant effect of knowledge about investment products on the investment decision of women entrepreneurs in Kathmandu Metropolitan.

H<sub>5</sub>: There is significant effect of subjective norms on the investment decision of women entrepreneurs in Kathmandu Metropolitan.

#### **1.5 Rationale of the Study**

The value of this study is significant, as it attempts to develop knowledge and understanding of the ways that different aspects of financial literacy specifically impact women entrepreneurs in the Kathmandu Metropolitan area and this is a relatively neglected area in Nepal. While women seem to be increasingly participating in entrepreneurship, there is sufficient evidence that many women entrepreneurs, when considering their entrepreneurship, have insufficient financial literacy that influences their financial behaviors, the limited level of financial skills, insufficient practical skills, and normative ideals. By examining the specific aspects of financial literacy, namely: financial behavior, financial attitudes, financial skill, knowledge of investment products, and subjective norms, this study can provide evidence-based knowledge that can inform an extension of the evidence base, which ultimately can support financial education programming. The findings can improve current practice. This research can highlight critical areas of support for women entrepreneurs. The gathered information and documented lived experiences can effectively guide

policymakers and stakeholders in developing inclusive, targeted strategies that promote financial literacy and investment empowerment among women entrepreneurs, serving as a powerful catalyst for sustainable economic growth and broader community development.

### **1.6 Limitations of the Study**

Every research study is subject to certain limitations that may affect its scope, methodology, and interpretation of results. In the current study, there are some limitations which are as follows:

- i. The study employs a descriptive, correlational and causal-comparative research design to address the main and specific objectives; however, it does not establish definitive causality between the variables.
- ii. The study considers the population of women entrepreneurs in Kathmandu Metropolitan as the unit of analysis, with a calculated sample size of 384 determined using Cochran's formula (1977). However, responses were collected from 462 participants using a convenience sampling technique, which may limit the generalizability of the findings.
- iii. The study is based on primary data collected through structured questionnaires distributed both online and offline during the 2025 survey period. This method may be subject to self-reporting biases and variations in respondents' understanding.
- iv. The data has been analyzed using demographic profiling, reliability testing and both descriptive and inferential statistics including correlation and regression analysis. Despite the use of appropriate statistical tools, unobserved or uncontrolled factors may still influence the investment decision.
- v. The study focuses only on selected financial literacy dimensions such as financial behavior, financial attitude, financial skill, knowledge about investment products, and subjective norms as independent variables. Other potential factors that may influence investment decisions have not been included within the scope of this study.

## **CHAPTER II**

### **LITERATURE REVIEW**

The purpose of this chapter is to review relevant literature to deepen the understanding of the topic and to strengthen the researcher's ability to identify, critically assess, and systematically organize scholarly sources. This chapter has been organized into two main sections: the theoretical review, which examines key theories and frameworks explaining the relationship between financial literacy and investment decision-making; and the empirical review, which synthesizes supporting findings from previous studies. The empirical review particularly relates to the current study by focusing on how specific dimensions of financial literacy namely financial behavior, financial attitude, financial skill, knowledge about investment products, and subjective norms affect investment decisions of women entrepreneurs across various contexts. Further details of these sections are presented below.

#### **2.1 Theoretical Review**

Theoretical review explores theories related to financial literacy and investment decisions, focusing on their connections among women entrepreneurs in Kathmandu Metropolitan. This section examines relevant theories, including the Theory of Planned Behavior, Human Capital Theory, Behavioral Life Cycle Theory, Social Cognitive Theory, Financial Literacy Theory and Prospect Theory. These theories provide a framework to understand the dimensions of financial literacy specifically Financial Behavior, Financial Attitude, Financial Skill, Knowledge about Investment Product, and Subjective Norms and their effects on Investment Decision outcomes. The following sections further analyze these theories.

#### **Theory of Planned Behavior**

Theory of Planned Behavior (TPB) and was constructed by Icek Ajzen in 1985 in the field of social psychology, it extends the earlier Theory of Reasoned Action by addressing the latter's limitation in dealing with behaviors that are under partial control by a person. The central idea of TPB is that the attitude toward the behavior itself is the most predictive variable of actual behavior and is moderating three factors that influence it: attitude towards the behavior, subjective norms, and perceived behavioral control. Hypotheses within the TPB theory propose that in making a decision, individuals consciously take into consideration individual beliefs, social

elements, and an assessment of their ability to perform a behavior. Ajzen (1991) and Carpena et al. (2011) applied TPB in financial situations and established that financial education and socially perceived pressures would play a significant role in influencing individuals' intention to make economic decisions, including investments. For the purpose of this study, TPB is particularly suitable as subjective norms such as family pressure and peer pressure can significantly influence women entrepreneurs' financial behaviors and attitudes. Simultaneously, financial capacity and investment product information result in their perceived behavioral control, and this supports their investment intention. Therefore, TPB is a suitable theoretical foundation for the understanding of the influence of financial literacy dimensions on the investment behavior of women entrepreneurs in Kathmandu. It is able to account for how financial literacy dimensions' control affects their investment intention. It is helpful in determining social and psychological determinants of making or not making sound financial decisions.

### **Human Capital Theory**

Gary Becker formulated Human Capital Theory in 1964 as an economic theory. It is founded on efforts to describe how education and skills contribute to productivity and economic growth. The theory posits that individuals can improve their economic outcomes via investment in their education, training, and acquisition of skills, thereby their ability to make good and effective decisions. It also assumes that skills and knowledge so acquired are capital which renders dividend after some time, especially in advanced economic environments. Lusardi and Mitchell (2014) tested this hypothesis in the context of financial decision-making and found that financial literacy had significant positive effects on investment choices as well as retirement planning performance in the United States. Financial capability and investment product knowledge are key sources of human capital which empower women entrepreneurs to make smart, confident, and knowledge-based investment decisions. Moreover, financial behavior portrays to what extent learned abilities and knowledge are utilized in real-world investment scenarios. To this end, the more financial literacy levels rise, the more quality decisions, reduced uncertainty, and improved financial performance, thus making Human Capital Theory a highly appropriate foundation upon which the role of financial literacy in the decision-making of women

entrepreneurs in Kathmandu's evolving and dynamic economic environment can be explored.

### **Behavioral Life Cycle Theory**

Behavioral Life Cycle Theory (BLCT), developed by Hersh Shefrin and Richard Thaler in 1988 under behavioral economics, integrates psychological concepts into standard financial choice models. BLCT rejects the assumption of complete rationality of economic agents with the proposition that individuals manage their finances through mental accounting, decision framing, and self-control mechanisms. People, according to BLCT, compartmentalize their wealth into separate accounts, such as current income, current assets, and future income, and each account is dealt with differently regarding consumption and investment behavior. The theory assumes that due to cognitive biases and limited self-control, people usually will not always act in their long-term interest unless they apply structured thinking in managing their money. Mpaata et al. (2021) used BLCT in Uganda and, based on observation, concluded that financial literacy had a profound effect on building saving and investment behaviors by improving individuals' self-control and framing ability. BLCT is highly relevant to the topic of this research. Financial behavior and financial attitude have an important influence on how women entrepreneurs mentally frame and respond to their investment options. Financial literacy contributes to being capable of doing mental accounting effectively and, as a result, being able to manage resources among competing demands. Besides, subjective norms influence how investment decisions are socially and psychologically built and thus also affect behavior. Therefore, BLCT provides a good ground for determining how psychological and behavioral aspects of financial literacy influence investment decisions of women entrepreneurs in Kathmandu.

### **Social Cognitive Theory**

Social Cognitive Theory (SCT) of Albert Bandura in 1986 from psychology was an extension of social learning theory to describe human behavior as the dynamic relationship between personal, environmental, and behavioral factors. SCT's main concept is reciprocal determinism, wherein people shape and are shaped by their environment with continuous feedback mechanisms. The theory assumes that self-efficacy, observational learning, and external factors such as social norms are major determinants of behavior. Bandura (2001) and Lusardi et al. (2010) applied SCT in

financial settings and drew the conclusion that financial literacy significantly enhances self-efficacy, which in turn enhances the ability to make good financial decisions. SCT is especially suitable for application in the context of the current study. Financial capability leads women entrepreneurs straight to higher self-efficacy, which allows them to take well-informed and confident investment decisions. Subjective norms also work through observing learning in the sense that women observe and learn from others surrounding them and relatives, and this influences their money attitudes and behavior. All these social and cognitive factors combined determine how women entrepreneurs make investment decisions in Kathmandu's entrepreneurial culture. Therefore, SCT offers a compelling theoretical frame through which to observe the dynamic interaction of individual capability, social influence, and behavior in shaping investment choices of women entrepreneurs in this context.

### **Financial Literacy Theory**

Financial Literacy Theory, as formalized by Annamaria Lusardi and Olivia Mitchell at the beginning of the 2000s in economics, was developed in response to rampant shortfalls in people's ability to make good quality financial choices. The theory posits that possessing financial literacy involving knowledge, skills, and attitudes regarding money management and investment enables individuals to make better and wiser financial choices. It assumes that people are less prone to common errors and biases in saving and investing and thus experience improved financial well-being with higher financial literacy. Lusardi and Mitchell's study (2011) provided evidence that financially educated individuals always make better investment decisions in countries and economic climates. According to current Financial Literacy Theory, it is central and central. Financial knowledge and investment product awareness directly enhance the ability of women entrepreneurs to examine opportunity and risk, and financial attitude decides their overall investing style. Moreover, the subjective norms in their social environment enhance the impact of financial literacy by providing social approval and motivational support. Subsequently, the theory hence offers a more inclusive framework to account for the impacts of the various aspects of financial literacy on women entrepreneurs' investment decisions in Kathmandu.

### **Prospect Theory**

Prospect Theory, developed by Daniel Kahneman and Amos Tversky in 1979 in behavioral economics, was introduced to explain how people make decisions in risky

and uncertain situations, opposing rational choice theories. Under the theory, people are said to evaluate potential gains and losses differently, indicating loss aversion, where they perceive losses to be larger than equal-sized gains. It assumes that people are risk-averse when considering potential gains but become risk-seeking when it comes to potential losses. Barber and Odean (2001) tested the said theory and arrived at the conclusion that investors' risk perceptions greatly influenced their investment decisions and portfolio management. Prospect Theory has great relevance when considered in the backdrop of this research. Personal risk perception influences the financial behavior and attitudes of women entrepreneurs in determining their investment decisions. Investment product knowledge is seen to counteract loss aversion by improving understanding and confidence in risk management. Subjective norms determine the social construction of risks, which further determine the investment choice of women entrepreneurs. Therefore, Prospect Theory provides valuable insights into the way psychological and social factors come together with financial acumen to determine investment decisions in Kathmandu's entrepreneurial community.

## **2.2 Empirical Review**

Gupta et al. (2024) analyzed financial literacy and investment decision among women entrepreneurs in rural India in the study. The objective of the study was to analyze how financial literacy affected investment decisions among rural women entrepreneurs. The study applied the quantitative approach, interviewing 280 women entrepreneurs using structured questionnaires. Independent variables were financial literacy dimensions: financial knowledge, behavior, attitude, awareness, and confidence, and the dependent variable was investment decision quality. The findings showed that financial literacy, specifically knowledge and confidence, improved significantly investment decision quality, and hence financial performance of rural women entrepreneurs.

Sharma and Patel (2024) adopted financial literacy as a catalyst of women entrepreneurs' success in investment in the study. The objective of the study was to quantify the impact of financial literacy on investment success in women entrepreneurs in India. The mixed-method design used surveys of 200 women entrepreneurs and interviews. Financial knowledge, behavior, planning, skills, and risk management were independent variables, and investment success was the

dependent variable. The findings showed that financial literacy, particularly risk management and planning, improved investment success by enabling more strategic decision-making.

Chalise et al. (2024) analyzed the study named women investors and financial literacy in Nepal. The objective of the study was to identify the determinants of financial literacy among Nepalese female investors. The study applied a descriptive and exploratory research design using a random sample of 372 female investors in NEPSE. Data was gathered using systematic questionnaires. The independent variables were investment intentions, financial behaviors, subjective norms, financial attitudes, and knowledge on investment products, while the dependent variable was financial literacy. Findings revealed that all independent variables had large positive correlations and impacts on financial literacy, as confirmed through regression analysis.

Khan et al. (2024) examined empowering women entrepreneurs through financial literacy: impact on investment choices in Pakistan in the study. The research objective was to evaluate the way financial literacy enabled investment decision-making for women entrepreneurs. The research applied a quantitative method, collecting a survey of 250 women entrepreneurs in Pakistan. Financial knowledge, behavior, attitude, awareness, and budgeting skills were independent variables, while investment decision effectiveness was the dependent variable. Findings showed that financial literacy, especially behavior and budgeting skills, significantly enhanced investment decision effectiveness, enabling business growth.

Zogning (2023) explored financial inclusion, financial literacy, and financial performance as the forces behind women-owned businesses in India in the study. The research objective was to study the impact of financial literacy to enhance investment decisions and financial performance. Studies utilized the mixed-methods approach, combining surveys of 200 women entrepreneurs with interviews. Independent variables included financial knowledge, behavior, skills, planning, and investment acumen, while the dependent variable was quality of investment decisions. Results showed that financial literacy, particularly skills and investment acumen, improved the quality of investment decisions and assisted in financial performance.

Chaudhary and Sharma (2023) researched financial literacy as an empowering tool for women entrepreneurs to make investment decisions in the study. The study objective was to find out how financial literacy enabled women entrepreneurs' investment decision-making in India. The study used a quantitative method with a survey of 250 women entrepreneurs. Financial knowledge, behavior, attitude, awareness, and decision-making ability were independent variables, while investment decision quality was the dependent variable. Findings showed that financial literacy, especially knowledge and decision-making ability, markedly enhanced investment decision quality, enabling women entrepreneurs.

Iram et al. (2022) analyzed developing a conscientious personality is insufficient to deal with behavioral biases: an effective intervention for financial literacy among women entrepreneurs in the study. The research focused on assessing how financial literacy alleviated behavioral biases in investment decisions among women entrepreneurs in Pakistan. The study used a quantitative method questioning 300 women entrepreneurs. Independent variables were financial behavior, attitude, awareness, adaptability, and conscientious traits, while the dependent variable was investment decision quality. Findings showed that financial literacy, especially behavior and adaptability, reduced overconfidence bias and improved rational investment decisions.

Mishra and Kumar (2022) tested how financial literacy affects taking risks in investment decisions: evidence from women entrepreneurs in the study. The research was intended to examine the effect of financial literacy on risk-taking behavior in investment decisions in Indian women entrepreneurs. The research utilized a quantitative method through the survey of 300 women entrepreneurs. Financial knowledge, behavior, attitude, skills, and management of debt were employed as independent variables, whereas risk-taking behavior was employed as the dependent variable. The results found that financial literacy, especially behavior and debt management, minimized over-risk-taking, leading to well-balanced investment decisions.

Patel and Desai (2022) undertook the task of financial literacy in minimizing investment risks among women entrepreneurs in the research. The objective of the research was to explore how financial literacy minimized investment risks among

women entrepreneurs in India. The research adopted a quantitative approach through surveying 200 women entrepreneurs. Independent variables were knowledge, behavior, attitude, planning, and confidence, while the dependent variable was mitigation of investment risk. Findings indicated that financial literacy and confidence significantly reduced the investment risks by improving the stability of decision-making.

Sari and Asyik (2022) examined the role of financial literacy in enhancing the investment decision of Indonesian women entrepreneurs in the study. The purpose of the study was to evaluate the role of financial literacy in increasing the stability of decision-making in the investments of Indonesian women entrepreneurs. The study applied a quantitative approach, carrying out a survey of 220 women entrepreneurs. Financial knowledge, behavior, attitude, planning, and budgeting abilities were independent variables, while investment decision performance was the dependent variable. Results showed that financial literacy, particularly knowledge and budgeting abilities, immensely improved investment decision performance.

Iram et al. (2021) investigated nexus between financial literacy, investment decisions and heuristic biases of women entrepreneurs a way forward for women empowerment in the study. The objective of the study was to investigate the mediating role of financial literacy in reducing heuristics biases on investment decisions. The research utilized a quantitative research approach using a sample size of 250 Indonesian women entrepreneurs. The independent variables included aspects of financial knowledge, financial behavior, financial attitude, financial skills, and risk management, as well as heuristics biases, while the dependent variable was investment decision accuracy. The findings of the study were evidently clear that financial literacy, in terms of risk management and competencies, mediated biases and improved investment accuracy.

Ali et al. (2021) tested the impact of financial literacy on entrepreneurial intention: the mediating role of saving behavior in the study. The objective of the study was to determine the influence of financial literacy on investment and entrepreneurial intentions of women entrepreneurs in Pakistan. The study utilized a quantitative design, surveying 300 female entrepreneurs. Financial literacy dimensions such as financial knowledge, financial behavior, financial attitude, financial planning, and

investment sense, as well as saving behavior, were independent variables, with the dependent variable being the quality of investment decisions. The findings of the study clearly established that financial literacy, moderated by saving behavior, enhanced the quality of investment decisions.

Dewi and Susanti (2021) tested the effect of financial literacy on investment decisions through gender-based locus of control in the study. The objective of the study was to investigate the effect of financial literacy on investment decisions through locus of control among Indonesian women entrepreneurs. The study used a quantitative strategy, surveying 200 women entrepreneurs. Independent variables applied were financial literacy aspects such as financial knowledge, financial behavior, financial attitude, financial skills, and decision-making ability, as well as locus of control, and the dependent variable applied was quality of investment decisions. The study's findings were evident and showed that financial literacy, which acted through locus of control, improved the quality of investment decisions.

Hasan and Khan (2021) measured financial literacy and the role of financial literacy on the investment decision of women entrepreneurs in Pakistan in the study. The research sought to quantify the impact of financial literacy on the investment decisions of Pakistani women entrepreneurs. The study used a quantitative approach, which used 200 women entrepreneurs in the survey. The independent variables were financial literacy determinants such as financial awareness, financial behavior, financial knowledge, financial planning, and financial adaptability, and the dependent variable was investment decision quality. The findings of the study evidently showed that financial literacy, in particular, knowledge and adaptability, improved the quality of investment decisions, enhancing business performance.

Kuruvilla (2021) analyzed a research article on financial literacy and financing choice among entrepreneurs in the study. The objective of the study was to analyze the relationship between financial literacy and investment decisions of women entrepreneurs in Pakistan. The study used mixed-methods design, integrating surveys with interviews of 150 women entrepreneurs. The independent variables were such financial literacy factors like financial knowledge, financial behavior, financial planning, financial skills, and management of debt, and the dependent variable was investment decision-making preferences. The findings of the study clearly

demonstrated that investment decisions were influenced by financial literacy, particularly debt management and planning, leading to more effective decision-making.

Osei and Adams (2021) investigated investment efficiency and financial literacy among Ghanaian women entrepreneurs in the study. The study was conducted with the objective to evaluate the impact of financial literacy on increasing investment efficiency among Ghanaian women entrepreneurs. A mixed-methods research was used in the study, wherein surveys of 150 women entrepreneurs were complemented with focus groups. Independent variables utilized were dimensions of financial literacy such as financial knowledge, financial skills, financial planning, financial awareness, and risk management, while the dependent variable utilized was investment efficiency. The findings from the study indicated unequivocally that financial literacy, particularly skills and risk management, improved investment efficiency, optimized resource utilization.

Younas and Rafay (2021) discussed women entrepreneurship and financial literacy: the case of female borrowers in Pakistan in the study. The research objective was to determine the impact of financial literacy on the investment decision of women entrepreneurs in Pakistan. The study used a quantitative method by conducting a survey of 190 women entrepreneurs. Independent variables were the financial literacy dimensions, i.e., financial knowledge, financial behavior, financial skills, financial attitude, and budgeting proficiency, and the dependent variable was the quality of investment choices. The findings of the study evidently showed that financial literacy, specifically skills and budgeting proficiency, enhanced the quality of investment choices of female borrowers.

Ahmad and Shah (2020) identified overconfidence heuristic bias in investment performance and decision: mediating impacts of perceived risk and moderating impacts of financial literacy within the study. The aim of the study was to assess how financial literacy served as a moderator for biases of overconfidence in investment decisions among women entrepreneurs in Pakistan. The study used a quantitative method with 250 women entrepreneurs being surveyed. Independent variables were financial literacy dimensions such as financial knowledge, financial behavior, financial attitude, financial awareness, and financial confidence, in addition to risk

perception traits, and the dependent variable was investment decision performance. The findings of the study were clear to indicate that financial literacy, particularly knowledge and confidence, moderated overconfidence biases, improving investment performance.

Baporikar and Akino (2020) applied financial literacy necessity for women entrepreneurship success in the study. The objective of the study was to examine how financial literacy influenced investment decision-making among women entrepreneurs in India. The study utilized a qualitative design, conducting interviews with 50 women entrepreneurs. Dimensions of financial literacy such as financial knowledge, financial behavior, financial attitude, financial planning, and investment savvy were utilized as independent variables, and effectiveness of investment decision-making was used as the dependent variable. The findings of the research clearly indicated that investment knowledge, as opposed to financial knowledge, led to improved investment choices, which catalyzed business growth.

Egbo et al. (2020) examined women entrepreneurs' credit access and financial literacy in Nigeria in the study. The purpose of the study was to explore whether financial knowledge influenced investment choices and credit access. The study used a quantitative method by carrying out a survey of 180 Nigerian women entrepreneurs. The independent variables were the areas of financial literacy such as financial knowledge, financial behavior, financial awareness, financial skills, and risk management, while the dependent variables were the quality of investment decisions and access to credit. The findings of the study clearly showed that financial literacy, particularly awareness and risk management, improved the quality of investment decisions and facilitated access to credit.

Kumari (2020) assessed financial literacy and performance of female entrepreneurs in Lagos state, Nigeria in the research. The objective of the research was to examine the role of financial literacy toward investment decision and firm performance. The research used a mixed-methods design, combining 200 surveys from women entrepreneurs with interviews carried out in Nigeria. Independent variables were financial literacy dimensions such as financial knowledge, financial behavior, financial planning, financial attitude, and budgeting ability, and the dependent variables were the effectiveness of investment choices and business performance. The

findings of the research clearly showed that financial literacy, particularly knowledge and budgeting ability, enhanced the effectiveness of investment choices, enhancing profitability.

Mishra and Ranjan (2020) audited digital financial services' performance in women's economic empowerment in the research. The objective of the study was to identify how financial literacy via digital financial services enhanced investment decisions for Indian women entrepreneurs. The study used a mixed-methods design by combining surveys of 180 women entrepreneurs with focus groups. The independent variables included financial literacy elements such as knowledge in finances, behavior with finances, digital finance awareness, finance skills, and decision-making ability, and the dependent variable was investment decision quality. The findings of the study exactly indicated that digital financial literacy, particularly awareness and decision-making ability, significantly improved the quality of investment decisions and the confidence of women entrepreneurs in financial matters.

Nguyen and Tran (2020) tested financial literacy and investment choices: empirical evidence from Vietnamese women entrepreneurs in the research. The research sought to investigate the influence of financial literacy on investment decisions made by women entrepreneurs in Vietnam. The research employed a quantitative approach, using a survey among 180 women entrepreneurs. Independent variables of the research were the dimensions of financial literacy, including financial knowledge, financial behavior, financial planning, financial attitude, and financial adaptability, and the dependent variable was the effectiveness of investment decisions. From the research findings, it was quite evident that the financial literacy of planning and adaptability enhanced investment decision precision and financial performance. Additionally, women who had demonstrated proactive financial orientations and adaptability in their methods were likely to respond positively to market changes as well as maximize investment returns.

Okello and Ntayi (2020) experimented with financial literacy and investment decisions among Ugandan women entrepreneurs in the study. The objective of the study was to evaluate the relationship between financial literacy and investment decisions. The study utilized a quantitative research strategy and carried out a survey involving 250 Ugandan women entrepreneurs. Independent variables were financial

literacy measures of financial knowledge, financial behavior, financial skills, awareness about finance, and debt management, and the dependent variable was investment decision quality. The findings of the study validated that financial literacy, i.e., knowledge and debt management, led to sounder investment decisions. Furthermore, women with good financial skills and awareness were able to judge investment options and avoid risky financial pitfalls, especially in uncertain economic environments and fluctuating market conditions that demanded greater financial judgment and long-term planning.

Siregar and Syah (2020) research on investment intentions and financial literacy among Indonesian women entrepreneurs in the study. The research sought to analyze the impact of financial literacy on Indonesian women entrepreneurs' investment intentions. The research adopted a quantitative study, conducting surveys on 220 women entrepreneurs. Independent variables were financial literacy dimensions such as financial knowledge, financial behavior, financial awareness, financial planning, and risk management, whereas the dependent variable was investment behavior. The study findings clearly showed that higher strategic investment behaviors were the outcome of financial literacy, particularly knowledge and risk management. In addition, women with greater financial awareness and planning possessed greater confidence and consistency in their investment decisions, which resulted in improved financial outcomes and long-term business sustainability, even during periods of economic uncertainty and financial market fluctuations.

Yasin et al. (2020) appraised the research titled significance of financial literacy among women entrepreneur on halal business. The purpose of the research was to examine the important decisions of women entrepreneurs in running halal business and financial literacy importance in business performance. Library research was used to critically analyze the literature on the behavioral determinants that influence women entrepreneurs in halal business and how financial literacy affects them. Access to capital and finance, business management skill, business operation, government regulations and policy, and financial literacy were used as independent variables for the study while business performance was used as the dependent variable. Conclusion of the study was that Muslim women entrepreneurs faced challenges in terms of restricted access to finance, weak management capacity, and

government restrictive policies, while business performance was positively affected by financial literacy.

Koti (2019) presented the study titled financial literacy and its impact on working women's investment decisions. The objective of the study was to estimate financial literacy of women of Dharwad District. The research design involved interviewing 100 working women, with data analyzed using factor analysis, T-Test, and One-way ANOVA. Financial literacy was the independent variable, and investment choices were the dependent variable. Demographic factors were also examined to assess their influence on financial behavior. The study concluded that while most women were cautious and aware of market risks, they showed uncertainty toward mutual fund investments. Instead, they favored safer options like bank deposits and gold to minimize risk, influenced by cultural norms, limited financial exposure, and a preference for secure, long-term returns to successfully achieve their financial goals.

**Table 1**

*Summary of Empirical Review*

Author (s)	Titles	Objectives	Methodology	Findings
Gupta et al. (2024)	Financial Literacy and Investment Decision-Making Among Women Entrepreneurs in Rural India	To explore how financial literacy influenced investment decisions among rural women entrepreneurs.	Quantitative; surveyed 280 women with structured questionnaires. DV: Investment decision quality IVs: Financial knowledge, behavior, attitude, awareness, confidence.	Financial literacy, especially knowledge and confidence, significantly improved investment decisions.
Sharma and Patel (2024)	Financial Literacy as a Catalyst for Women Entrepreneurs' Investment Success	To assess the impact of financial literacy on investment success among women entrepreneurs.	Mixed-methods; survey of 200 and in-depth interviews. DV: Investment success IVs: Financial knowledge, behavior, planning, skills, risk management.	Financial literacy, especially planning and risk management, enhanced strategic investment success.
Chalise et	Women	To explore	Descriptive and	All IVs had

al. (2024)	Investors and Financial Literacy in Nepal	factors influencing financial literacy among Nepalese women investors.	exploratory; surveyed 372 women in NEPSE. DV: Financial literacy IVs: Attitudes, behaviors, subjective norms, intentions, knowledge.	significant positive impacts on financial literacy of women investors.
Khan et al. (2024)	Empowering Women Entrepreneurs Through Financial Literacy: Impact on Investment Decisions	To evaluate how financial literacy empowered investment decisions among women entrepreneurs.	Quantitative; surveyed 250 women in Pakistan. DV: Investment decision effectiveness IVs: Financial knowledge, behavior, attitude, awareness, budgeting proficiency.	Behavior and budgeting proficiency significantly improved investment effectiveness.
Zogning (2023)	Financial Inclusion, Financial Literacy, and Financial Performance as Catalysts for Women-Owned Enterprises in India	To analyze the role of financial literacy in investment decisions and financial performance.	Mixed-methods; survey of 200 and interviews. DV: Investment decision quality IVs: Financial knowledge, behavior, skills, planning, investment acumen.	Skills and investment acumen improved investment decision quality and performance.
Chaudhary and Sharma (2023)	Financial Literacy as a Tool for Empowering Women Entrepreneurs in Investment Decisions	To investigate how financial literacy empowered investment decisions among women entrepreneurs.	Quantitative; surveyed 250 women in India. DV: Investment decision quality IVs: Knowledge, behavior, attitude, awareness, decision-making ability.	Knowledge and decision-making ability significantly enhanced investment decision quality.
Iram et al. (2022)	Building a Conscientious Personality is Not Sufficient to	To assess how financial literacy mitigated	Quantitative; surveyed 300 women in Pakistan. DV: Investment decision quality	Behavior and adaptability reduced biases like overconfidence,

	Manage Behavioral Biases	behavioral biases in investment decisions.	IVs: Financial knowledge, behavior, attitude, awareness, adaptability, conscientious traits.	improving rational decisions.
Mishra and Kumar (2022)	The Role of Financial Literacy in Risk-Taking Investment Decisions	To analyze how financial literacy influenced risk-taking in investment decisions.	Quantitative; surveyed 300 women entrepreneurs. DV: Risk-taking behavior IVs: Financial knowledge, behavior, attitude, skills, debt management.	Behavior and debt management minimized excessive risk-taking, enabling more informed and balanced long-term investment decisions choices for women entrepreneurs.
Patel and Desai (2022)	The Role of Financial Literacy in Mitigating Investment Risks for Women Entrepreneurs	To investigate how financial literacy mitigates investment risks among women entrepreneurs in India.	Quantitative survey of 200 women entrepreneurs. DV: Investment Risk Mitigation IVs: Knowledge, Behavior, Attitude, Planning, Confidence	Financial literacy, particularly knowledge and confidence, significantly reduced investment risks, enhancing decision-making stability.
Sari and Asyik (2022)	The Role of Financial Literacy in Enhancing Investment Decisions among Women Entrepreneurs	To evaluate how financial literacy improved investment decision-making among Indonesian women.	Quantitative survey of 220 women entrepreneurs. DV: Investment Decision Effectiveness IVs: Knowledge, Behavior, Attitude, Planning, Budgeting	Financial literacy, especially knowledge and budgeting proficiency, significantly enhanced investment decision effectiveness.
Iram et al. (2021)	Nexus between Financial Literacy, Investment	To analyze the mediating role of financial literacy in	Quantitative survey of 250 women entrepreneurs. DV: Investment Decision	Financial literacy, particularly skills and risk management,

	Decisions and Heuristic Biases of Women Entrepreneurs	reducing heuristic biases in investment decisions.	Accuracy IVs: Knowledge, Behavior, Attitude, Skills, Risk Management, Heuristic Biases	mediated biases, improving investment accuracy.
Ali et al. (2021)	The Impact of Financial Literacy on Entrepreneurial Intention: The Mediating Role of Saving Behavior	To explore how financial literacy influenced investment decisions and entrepreneurial intentions.	Quantitative survey of 300 women entrepreneurs. DV: Investment Decision Quality IVs: Knowledge, Behavior, Attitude, Planning, Investment Acumen, Saving Behavior	Financial literacy, mediated by saving behavior, enhanced investment decision quality.
Dewi and Susanti (2021)	The Influence of Financial Literacy on Investment Decisions Through Locus of Control Based on Gender	To investigate the influence of financial literacy on investment decisions through locus of control.	Quantitative survey of 200 women entrepreneurs. DV: Investment Decision Quality IVs: Knowledge, Behavior, Attitude, Skills, Decision-making Ability, Locus of Control	Financial literacy, mediated by locus of control, improved investment decision quality.
Hasan and Khan (2021)	Financial Literacy and Its Impact on Investment Decisions of Women Entrepreneurs in Pakistan	To assess the impact of financial literacy on investment decisions among Pakistani women.	Quantitative survey of 200 women entrepreneurs. DV: Investment Decision Quality IVs: Knowledge, Behavior, Awareness, Planning, Adaptability	Financial literacy, particularly knowledge and adaptability, improved investment decision quality, enhancing business outcomes.
Kuruvilla (2021)	A Study on the Relationship between Financial Literacy and	To analyze the relationship between financial literacy and	Mixed-methods with survey of 150 women and interviews. DV: Investment Decision Preferences	Financial literacy, particularly planning and debt management, influenced

	Financing Preferences among Entrepreneurs	investment decisions among women.	IVs: Knowledge, Behavior, Planning, Skills, Debt Management	investment preferences, leading to better decision-making.
Osei and Adams (2021)	Financial Literacy and Investment Efficiency among Women Entrepreneurs in Ghana	To evaluate how financial literacy enhanced investment efficiency among Ghanaian women.	Mixed-methods with survey of 150 women and focus groups. DV: Investment Efficiency IVs: Knowledge, Skills, Planning, Awareness, Risk Management	Financial literacy, particularly skills and risk management, improved investment efficiency, optimizing resource allocation.
Younas and Rafay (2021)	Women Entrepreneurship and Financial Literacy: The Case of Female Borrowers in Pakistan	To explore the impact of financial literacy on investment decisions among women entrepreneurs in Pakistan.	Quantitative (Survey of 190 women entrepreneurs) DV: Investment decision quality IVs: Financial knowledge, financial behavior, financial skills, financial attitude, budgeting proficiency	Financial literacy, especially skills and budgeting, enhanced investment decision quality.
Ahmad and Shah (2020)	Overconfidence Heuristic-Driven Bias in Investment Decision-Making and Performance	To assess how financial literacy moderated overconfidence biases in investment decisions.	Quantitative (Survey of 250 women entrepreneurs) DV: Investment decision performance IVs: Financial knowledge, behavior, attitude, awareness, confidence, risk perception	Financial literacy, particularly knowledge and confidence, reduced overconfidence bias, improving investment outcomes.
Baporikar and Akino (2020)	Financial Literacy Imperative for Success of Women	To explore how financial literacy influenced investment	Qualitative (Interviews with 50 women entrepreneurs) DV: Investment decision-making effectiveness	Financial literacy, especially knowledge and investment acumen, led to strategic

	Entrepreneurship	decision-making among women entrepreneurs in India.	IVs: Financial knowledge, behavior, attitude, planning, investment acumen	investment decisions and business growth.
Egbo et al. (2020)	Financial Literacy and Access to Credit by Women Entrepreneurs in Nigeria	To investigate how financial literacy influenced investment decisions and credit access.	Quantitative (Survey of 180 women entrepreneurs) DV: Investment decision quality, credit access IVs: Financial knowledge, behavior, awareness, skills, risk management	Financial literacy, particularly awareness and risk management, improved decision quality and credit access.
Kumari (2020)	Financial Literacy and Women Entrepreneurs' Performance in Lagos State, Nigeria	To evaluate the impact of financial literacy on investment decisions and business performance.	Mixed-methods (Survey of 200 + interviews) DV: Investment decision effectiveness, business performance IVs: Financial knowledge, behavior, planning, attitude, budgeting proficiency	Financial literacy, especially knowledge and budgeting, improved decision effectiveness and boosted profitability.
Mishra and Ranjan (2020)	The Role of Digital Financial Services in Women's Economic Empowerment	To explore how financial literacy via digital services enhanced investment decisions in India.	Mixed-methods (Survey of 180 + focus groups) DV: Investment decision quality IVs: Financial knowledge, behavior, digital awareness, skills, decision-making ability	Digital financial literacy, particularly awareness and decision-making, improved investment decision quality.
Nguyen and Tran (2020)	Financial Literacy and Investment Decisions: Evidence from Women Entrepreneurs in	To explore the role of financial literacy in shaping investment decisions	Quantitative survey of 180 women entrepreneurs. DV: Investment decision effectiveness IVs: Financial knowledge, behavior, planning,	Financial literacy, especially planning and adaptability, improved investment decision accuracy and financial outcomes.

	Vietnam	among Vietnamese women entrepreneurs.	attitude, adaptability	
Okello and Ntayi (2020)	Financial Literacy and Investment Decisions among Women Entrepreneurs in Uganda	To evaluate the relationship between financial literacy and investment decisions.	Quantitative survey of 250 women entrepreneurs. DV: Investment decision quality IVs: Financial knowledge, behavior, skills, awareness, debt management	Financial literacy, especially knowledge and debt management, led to more effective investment decisions.
Siregar and Syah (2020)	Financial Literacy and Investment Behavior of Women Entrepreneurs in Indonesia	To analyze the impact of financial literacy on investment behavior.	Quantitative survey of 220 women entrepreneurs. DV: Investment behavior IVs: Financial knowledge, behavior, awareness, planning, risk management	Financial literacy, especially knowledge and risk management, led to more strategic investment behaviors.
Yasin et al. (2020)	Significance of Financial Literacy among Women Entrepreneur on Halal Business	To identify the critical decisions of women entrepreneurs in halal business and the significance of financial literacy.	Library research and literature review. DV: Business performance IVs: Access to capital, business management skills, operation, policies, financial literacy	Financial literacy had a positive impact on business performance despite challenges in finance, skills, and regulations.
Koti (2019)	Financial Literacy and Its Impact on the Investment Decisions of	To assess the financial literacy of working women in	Interviews with 100 working women; analyzed using factor analysis, T-Test, ANOVA. DV: Investment decisions	Women were aware of market risks and diversified investments; mutual funds

Working Women	Dharwad District.	IV: Financial literacy	remained underutilized.
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### 2.3 Research Gap

The current study has identified research gaps by comparing its design with past studies. For research design, prior studies like Gupta et al. (2024) used quantitative methods and Sharma and Patel (2024) mixed-methods, while the current study has adopted a descriptive, correlational and causal-comparative design, emphasizing causality but limiting qualitative depth. In population and sampling, studies like Khan et al. (2024) sampled 250–300 women in Pakistan, and Chalise et al. (2024) targeted 372 Nepalese women investors using purposive sampling, whereas the current study has used convenience sampling for 462 women entrepreneurs in Kathmandu Metropolitan, which may reduce representativeness. For data and survey timing, past studies like Nguyen and Tran (2020) conducted surveys before 2025, but the current study has collected primary data via online and offline questionnaires in 2025, offering recent data but lacking longitudinal scope. In method of analysis, previous studies like Mishra and Kumar (2022) used correlation and regression, similar to the current study's approach, which includes demographic profiling and reliability testing but omits advanced methods like ANOVA used in Koti (2019). For variables, past studies like Zogning (2023) included investment acumen and saving behavior, while the current study has focused on financial behavior, attitude, skills, investment product knowledge, and subjective norms, excluding variables like risk management or digital literacy found in Mishra and Ranjan (2020). In conclusion, the current study has successfully maintained a research gap through its unique design, urban focus, recent data, and narrower variable scope, distinguishing it from prior studies.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

The research methodology section describes the approaches, tools, and procedures applied for data analysis and report preparation. In the present study, the chosen methodology has effectively addressed both the main and specific objectives, ensuring systematic data collection, rigorous analysis and reliable interpretation of results to support the research questions comprehensively. The research methodology has encompassed the following components: (i) research design, (ii) population and sample, and sampling design, (iii) nature and sources of data, and the instruments of data collection, (iv) methods of analysis and (v) research framework and definition of variables. Further details of these research methodologies are as follows:

#### **3.1 Research Design**

Based on the specific objectives of the study, this research has employed descriptive, correlational and causal-comparative research designs. The descriptive research design is used to assess the current status of key dimensions of financial literacy such as financial behavior, financial attitude, financial skill, knowledge about investment products and subjective norms among women entrepreneurs in Kathmandu Metropolitan, addressing the first objective. However, since descriptive research design does not allow for the examination of relationships or causal effects among variables, correlational and causal-comparative research designs have also been adopted. The correlational design is applied to examine the relationship between financial literacy dimensions and investment decision, while the causal-comparative design is suitable for analyzing the effect of financial literacy on investment decision, thereby fulfilling the second and third objectives. These research designs have been purposefully selected to align with the study's aims, while other designs have been excluded due to their limited applicability to the present research context.

#### **3.2 Population and Sample, and Sampling Design**

The population for this study has included women entrepreneurs in Kathmandu Metropolitan, as the study focuses on the effect of financial literacy on their investment decision. Surveying the entire population of women entrepreneurs has been impractical and resource-intensive. Therefore, Cochran's formula (1977) has been used to determine a valid sample size of 384 respondents, which is widely

accepted for large populations to ensure statistical reliability while remaining feasible in terms of cost and time. Although probability sampling is generally ideal for generalizability, it has been rejected due to the absence of a comprehensive sampling frame and limited access to all women entrepreneurs across Kathmandu Metropolitan. Instead, convenience sampling has been employed, selecting readily available and willing women entrepreneurs from various business sectors and wards of Kathmandu Metropolitan. While this non-probability method may limit the representativeness of the findings, it has allowed efficient data collection within the constraints of time and resources. This approach is consistent with similar studies on financial literacy and entrepreneurial decision-making where probability sampling was not feasible. The sample size determined by Cochran's formula has ensured adequate accuracy for analyzing the relationship and effect of financial literacy dimensions on investment decision. The Cochran's formula used is as follows:

$$n = \frac{z^2 pq}{e^2}$$

Where;

$n$  = Sample size for infinite population

$Z$  = Critical value of desired confidence interval

$p$  = Estimated proportion of an attribute that's present in population

$e$  = Level of significance

With Confidence Interval of 95% and 5% level of significance

Here,

$Z = 1.96$ ,  $p = 0.5$ ,  $q = 0.5$ ,  $e = 0.05$

Now,

$$n = \frac{(1.96)^2 0.5 \times 0.5}{0.05^2} = 384 \text{ optimal sample size}$$

The ideal sample size, based on Cochran's (1977) formula, is 384. However, during the survey period, a total of 462 valid responses have been received from women entrepreneurs. Therefore, the revised sample size used in this study is 462, which enhances the statistical reliability and accounts for potential variability in the stochastic model. This larger sample size also improves the generalizability of the findings and reduces sampling error, providing a stronger basis for drawing meaningful summary and conclusions.

### **3.3 Nature and Sources of Data, and the Instrument of Data Collection**

This study has utilized primary data, with respondents consisting of women entrepreneurs in Kathmandu Metropolitan, as the research focuses on assessing the effect of financial literacy on their investment decisions. Participants have been approached through a combination of field surveys and online distribution methods to ensure diverse representation across various business sectors such as retail, manufacturing, agriculture, home-based and online businesses within Kathmandu Metropolitan. A structured questionnaire, distributed both in person and via online platforms such as Google Forms, has served as the primary instrument of data collection. The questionnaire included multiple-choice questions and Likert scale items (ranging from 5 – Strongly Agree to 1 – Strongly Disagree) designed to collect detailed and reliable information on the independent variables: financial behavior, financial attitude, financial skill, knowledge about investment products and subjective norms, in relation to the dependent variable, investment decision.

### **3.4 Method of Analysis**

The method of analysis refers to the techniques used to interpret the collected data, employing various statistical methods. Specifically, the analysis has included reliability testing, demographic profile summaries and both descriptive and inferential statistics. Descriptive statistics have been used to summarize key measures such as minimum, maximum, mean, and standard deviation for all study variables. Inferential statistics have included correlation analysis to examine the relationships between financial literacy dimensions such as financial behavior, financial attitude, financial skill, knowledge about investment products, and subjective norms and the investment decision of women entrepreneurs. Furthermore, regression analysis has been applied to assess the effect of these financial literacy dimensions on the investment decision of women entrepreneurs in Kathmandu Metropolitan. The tools used for analysis have included the following:

#### **Reliability Analysis**

Reliability refers to the consistency of a research instrument in measuring what it intends to across different contexts and times. In this study, reliability analysis was performed to confirm that the questionnaire measuring financial literacy dimensions and investment decision produces consistent results. Cronbach's alpha coefficient assessed the internal consistency of each variable's items. A value of 0.7 or above is

considered acceptable in social science research (Nunnally & Bernstein, 1994; Tavakol & Dennick, 2011). This test verified the reliability of items measuring financial behavior, financial attitude, financial skill, knowledge about investment products, subjective norms, and investment decision. The reliability results are presented in Chapter 4. The interpretation scale used is as follows:

**Table 2**

*Scale of Reliability Analysis*

Cronbach's Alpha ( $\alpha$ ) Value	Internal Consistency
Above 0.9	Excellent
0.8 – 0.9	Good
0.7 – 0.8	Acceptable
0.6 – 0.7	Questionable
0.5 – 0.6	Poor
Below 0.5	Unacceptable

*(Source: MBS 1<sup>st</sup> Semester Statistical Method; Cronbach, 1951)*

Table 2 shows the scale for interpreting Cronbach's alpha values in reliability analysis. Values above 0.9 indicate excellent internal consistency. Values between 0.8 and 0.9 are considered good reliability. An alpha between 0.7 and 0.8 is acceptable for social science research. Values from 0.6 to 0.7 are questionable and may require item review. Values between 0.5 and 0.6 are poor, indicating weak item relationships. Values below 0.5 are unacceptable and suggest the scale needs major revision. This scale helps researchers assess the reliability of their instruments effectively and improve overall research quality.

### **Respondent's Demographic Profile**

This study has incorporated demographic information of women entrepreneurs in Kathmandu Metropolitan, focusing on factors such as age group, marital status, level of education, type of business, monthly income, and years of entrepreneurial experience. These demographic characteristics have provided valuable insights into their relationship with financial literacy and investment decision. Additionally, the survey response rates have been recorded, including the number of questionnaires distributed and completed, along with the overall response rate. The detailed demographic profile of all respondents have been presented in Chapter IV of the results section.

## **Descriptive Statistics**

Descriptive statistics have been used to analyze key variables related to financial literacy and its effect on the investment decision of women entrepreneurs in Kathmandu Metropolitan. Independent variables such as financial behavior, financial attitude, financial skill, knowledge about investment products, and subjective norms were examined alongside investment decision as the dependent variable. This analysis summarized the min, max, mean and standard deviation to understand data distribution and variability. These measures provided valuable insights into central tendencies and dispersion, supporting further analysis of how financial literacy dimensions' influence investment decisions. The following are the descriptive statistics findings:

### **Arithmetic Mean**

The arithmetic mean, or average, represents the central value of a dataset and is a common measure of central tendency. It is calculated by summing all data values and dividing by the number of values. This provides a single value that summarizes the dataset and indicates its typical value. The arithmetic mean is widely used in fields such as statistics, economics, and social sciences to identify overall trends. However, it can be influenced by outliers or extreme values, which may skew the mean and reduce its representativeness. Thus, while useful for a quick overview, the arithmetic mean may not fully reflect data with uneven distributions or outliers.

The formula for the arithmetic mean is as follows:

$$\text{Arithmetic mean } (\bar{X}) = \frac{\sum X}{n}$$

Where,

$\bar{X}$  = Mean

n = Total number of values in the dataset

$\sum X$  = Sum of all values in the dataset

### **Standard Deviation**

Standard deviation is a key statistical measure that shows the degree of variation or dispersion within a dataset. It reflects how much individual data points deviate from the mean by taking the square root of the variance. A smaller standard deviation indicates that values are closely clustered around the mean, showing low variability, while a larger standard deviation shows greater spread among values. This measure is

important for assessing consistency, reliability, and risk and is widely used in finance, research, and quality control. Understanding standard deviation aids in evaluating uncertainty, comparing datasets, identifying patterns, and supporting accurate decision-making. It also plays a critical role in hypothesis testing and confidence interval estimation by indicating the precision of results.

The formula for standard deviation have been presented as follows:

$$\text{Standard deviation } (\sigma) = \sqrt{\frac{\sum(X-\bar{X})^2}{n-1}}$$

Where,

$\sigma$  Standard deviation

X Represents each individual data point in the dataset

$\bar{X}$  Represents the mean (average) of the dataset

n is the total number of data points in the dataset

### **Inferential Statistics**

Inferential statistics in this study have included correlation and regression analysis. Correlation analysis has examined the relationships between financial literacy dimensions with the investment decision of women entrepreneurs. Regression analysis has assessed the effect of financial literacy dimensions on the investment decision of women entrepreneurs. These statistical methods have provided a deeper understanding of how different aspects of financial literacy have influenced investment decisions. The following are the findings from the inferential statistics:

### **Correlation Analysis**

Correlation analysis examines the strength and direction of relationships between variables, using the correlation coefficient “r” on a scale from +1 to -1. A positive value indicates a direct relationship, a negative value shows an inverse relationship, and 0 suggests no linear connection. This analysis helps evaluate relationships and supports further statistical analysis. The correlation coefficients (r) have been calculated using SPSS. It also assists in identifying potential predictors or influencing factors, aiding data-driven decision-making. Correlation analysis is widely used in social sciences, economics, and healthcare to confirm links between key variables.

The Pearson correlation coefficient (r) is calculated using the formula:

$$r = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{[n(\sum X^2) - (\sum X)^2]} \sqrt{[n(\sum Y^2) - (\sum Y)^2]}}$$

Where;

$r$  = Correlation between variables

$n$  = the number of data pairs

$\sum XY$  = the sum of the product of each pair of scores

$\sum X$  And  $\sum Y$  = the sums of X and Y scores respectively

### **Regression Analysis**

In this study, regression analysis has been used to assess the effect of independent variables on the dependent variable. It identifies how changes in financial literacy dimensions' influence investment decisions, with the strength and direction measured by regression coefficients ( $\beta$ ). This method supports prediction, highlights key influencing factors, and ensures model accuracy. It also helps detect multicollinearity among variables, improving the reliability of the results and the overall effectiveness of the analysis.

### **Model Specification**

In this model, the dependent variable is Investment Decision, which has been influenced by several independent variables including Financial Behavior, Financial Attitude, Financial Skill, Knowledge about Investment Products and Subjective Norms. The model is represented as:

$$ID = \beta_0 + \beta_1 FB + \beta_2 FA + \beta_3 FS + \beta_4 KIO + \beta_5 SN + \epsilon_{it}$$

Where;

$\beta_0$  = Intercept or Constant Term

ID = Investment Decision

FB = Financial Behavior

FA = Financial Attitude

FS = Financial Skill

KIO = Knowledge about Investment Products

SN = Subjective Norms

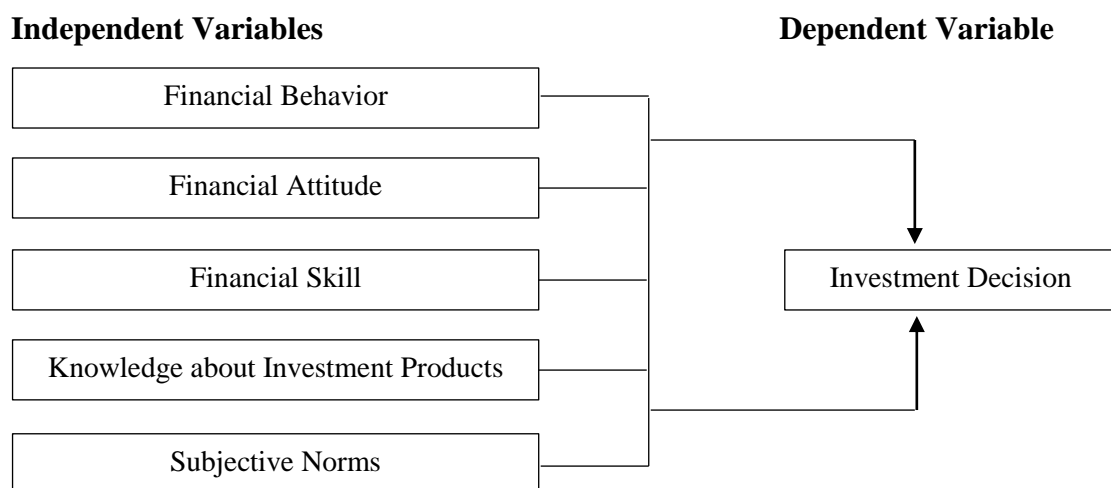
$\epsilon_{it}$  = Error term of the stochastic model

Betas including  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$  and  $\beta_5$  are the parameters of the model

### **3.5 Research Framework and Definition of Variables**

In this study, the independent variables are Financial Behavior, Financial Attitude, Financial Skill, Knowledge about Investment Products and Subjective Norms, which

influence the dependent variable, Investment Decision. These variables represent key dimensions of financial literacy. Financial behavior reflects the actual financial practices of individuals. Financial attitude captures one's mindset and beliefs toward financial management. Financial skill refers to the ability to apply financial knowledge in real-life decisions. Knowledge about investment products indicates awareness of available investment options and their risks and benefits. Subjective norms represent the perceived social pressure to make certain investment choices. Investment decision measures how these factors influence the investment choices made by women entrepreneurs. This framework helps analyze the influence of financial literacy on investment decision among women entrepreneurs in Kathmandu Metropolitan. The research framework is presented in the following figure:



**Figure 1**

*Research Framework*

*(Source: Modified from Chalise et al., 2024; Koti, 2019)*

### **Dependent Variable**

#### **Investment Decision**

Investment decision refers to the way in which women entrepreneurs allocate their financial resources across various investment alternatives such as savings schemes, fixed deposits, mutual funds, insurance policies, or business growth activities. It reflects their ability to evaluate risks, returns, liquidity, and long-term goals. In this study, investment decision is the dependent variable since it is influenced by different dimensions of financial literacy. Gupta et al. (2024) pointed out that financial knowledge and confidence significantly improve the quality of investment decisions among women entrepreneurs. Khan et al. (2024) also confirmed that budgeting ability

and behavioral discipline enhance the quality of investment decision. Since the current study is focusing on women entrepreneurs of Kathmandu Metropolitan, this variable identifies how their financial literacy levels affect and develop their investment decisions in the context of a dynamic urban market environment.

## **Independent Variables**

### **Financial Behavior**

Financial behavior refers to the practical tendency and practice related to handling personal and business finance, for example, budgeting, saving, timely repayment of loans, record keeping, and financial planning. Financial behavior is one of the most important areas of financial literacy in this study and plays a crucial role in influencing the investment decision-making of women entrepreneurs in Kathmandu Metropolitan. Khan et al. (2024) illustrated that frequent budgeting and careful money-handling behavior significantly enhanced investment decision-making efficiency. Mishra and Kumar (2022) also showed that sound financial behavior lessens excessive risk-taking and leads to more stable investment returns. For women entrepreneurs who operate in a competitive and evolving financial market in Kathmandu, healthy financial habits are required to make investment decisions that are strategic and well thought out.

### **Financial Attitude**

Financial attitude entails an individual's mindset, beliefs, and values regarding money, saving, debt, and investment. It influences motivation, discipline, as well as the willingness to engage in financial planning. In the current study, financial attitude is an independent variable describing why and how women entrepreneurs in Kathmandu Metropolitan make financial decisions and manage uncertainties. Having a positive financial attitude will result in an active approach towards investment and saving, as supported by Dewi and Susanti (2021), where positive attitudes improved the quality of investment decisions. Chalise et al. (2024) also confirmed that financial attitude positively affects the overall financial literacy of Nepali women investors. Thus, the fact that this study measured financial attitude provides insight into the internal psychological determinants underlying investment decisions among women entrepreneurs in Kathmandu. Being aware of these attitudes educates on how confidence, risk tolerance, and personal beliefs influence their financial activities and in turn determine investment outcomes. These results are significant for the

development of customized financial education programs and advisory services that allow women to make more effective and informed investment choices.

### **Financial Skill**

Financial skill is the applied ability to use financial knowledge in investment analysis, return forecasting, cash flow management, and making informed financial choices. Financial capability is a crucial independent variable in this study that reflects the ability of women entrepreneurs in Kathmandu Metropolitan to make effective investment decisions. Zogning (2023) ascertained that financial skills and investment knowledge play an essential role in enhancing investment quality and performance. In the same view, Younas and Rafay (2021) noted that women with higher financial capabilities made more accurate and confident investment decisions. Against the backdrop of the dynamic and rapidly changing economic environment of Kathmandu, financial capability allows women entrepreneurs to assess opportunities and risks and thus make investment choices with higher outcomes.

### **Knowledge about Investment Products**

Knowledge about investment products entails information about various financial products such as shares, bonds, mutual funds, insurance, and government schemes, and their risks, benefits, and suitability for various financial goals. In this study, this is the information foundation upon which women entrepreneurs in Kathmandu Metropolitan City make investment choices. It was founded by Gupta et al. (2024) that greater financial knowledge significantly improves the quality of investment, whereas Sari and Asyik (2022) maintained that product knowledge, combined with budgeting skills, enhances decision effectiveness. In Kathmandu, with the increasing accessibility of financial services and markets, women entrepreneurs with good investment product knowledge are more inclined to diversify investments and make rational investment choices aligned with their business and personal goals.

### **Subjective Norms**

Subjective norms refer to the perceived influence of social and cultural expectations, including advice or pressure from family, friends, peers, and mentors, on financial decision-making. Here, subjective norms are considered a significant sociocultural and psychological construct influencing how women entrepreneurs in Kathmandu Metropolitan City make investment decisions. Chalise et al. (2024) found that

subjective norms positively impact financial literacy of Nepali women investors, while Iram et al. (2022) noted that social influences are helpful in reducing behavioral biases in investment decisions. In the urban area of Kathmandu, where female entrepreneurs are likely to utilize social networks for guidance and support, subjective norms can exert a robust impact on financial behavior and decision-making, specifically in investment planning.

## **CHAPTER IV**

### **RESULTS AND DISCUSSION**

In this chapter, data have been presented in an appropriate format, then analyzed and discussed. The analysis has aimed to answer the research questions posed or test the hypotheses set in the introduction chapter. The outcomes of the analyses have been considered as the results. These results have then been discussed and interpreted in light of relevant theories and empirical studies to reach a conclusion. Accordingly, this chapter has been organized under the Results and Discussion section.

#### **4.1 Results**

This section presents the results obtained from the primary data collected and analyzed using SPSS and Excel. It includes reliability tests, the demographic profile of respondents and both descriptive and inferential statistics including correlation and regression analyses. Respondents have been categorized based on demographic factors such as age group, marital status, level of education, type of business, monthly income and years of entrepreneurial experience. The reliability of each variable has been assessed to ensure consistency of the measurement scales. Descriptive statistics, including minimum, maximum, mean and standard deviation have been used to summarize the data. Correlation analysis has been used to examine the relationships between the independent variables such as financial behavior, financial attitude, financial skill, knowledge about investment products and subjective norms with the dependent variable investment decision. Regression analysis has also been performed to assess the effect of these independent variables on the investment decisions of women entrepreneurs in Kathmandu Metropolitan. The findings from the reliability test, demographic profile, descriptive statistics and inferential statistics including correlation and regression analyses have been presented in the following subsections.

#### **Results of Reliability Analysis**

Reliability reflects the consistency of a research instrument in measuring the intended variables. This study has applied Cronbach's alpha to test the internal consistency of items related to financial behavior, financial attitude, financial skill, knowledge about investment products, subjective norms, and investment decision. A Cronbach's alpha above 0.7 is considered acceptable in social science research (Nunnally and Bernstein, 1994; Tavakol and Dennick, 2011). Values above 0.9 indicate excellent reliability;

0.8–0.9 good; 0.7–0.8 acceptable; 0.6–0.7 questionable; 0.5–0.6 poor; and below 0.5 unacceptable (Cronbach, 1951). The reliability scores of all variables in this study are presented in the following table.

**Table 3**

*Reliability Analysis of Study Variables*

Study Variables	No. of Items	Cronbach's Alpha
FB	6	0.679
FA	6	0.653
FS	6	0.732
KIP	6	0.757
SN	5	0.654
ID	5	0.760

*(Source: SPSS Version 29)*

Table 3 presents the reliability analysis of the study variables using Cronbach's alpha to assess internal consistency. Financial Skill (0.732), Knowledge about Investment Products (0.757), and Investment Decision (0.760) show acceptable reliability as their values exceed the 0.7 threshold. Financial Behavior (0.679), Financial Attitude (0.653), and Subjective Norms (0.654) fall slightly below but still fall within the questionable to acceptable range. Overall, the instrument demonstrates sufficient reliability for further comprehensive analysis of financial literacy and investment decision-making among women entrepreneurs in Kathmandu Metropolitan, supporting robust and valid research conclusions.

### **Results of Respondents' Demographic Profile**

This section has presented the demographic profile of respondents based on primary data collected through structured questionnaires. The demographic characteristics include age group, marital status, level of education, type of business, monthly income and years of entrepreneurial experience. Analyzing these profiles offers essential context for interpreting findings and helps identify important patterns or differences in perceptions regarding the effect of financial literacy on investment decision of women entrepreneurs in Kathmandu Metropolitan across diverse respondent groups of this study, revealing deeper insights into demographic influences and behavioral trends that shape financial decision-making processes

locally. The detailed demographic summary of respondents is provided in the following table.

**Table 4**  
*Respondents' Demographic Profile*

Demographic Factors	Options	Frequency (N)	Percentage (%)
Age Group	Below 25 years	128	27.7
	25 - 35 years	132	28.6
	36 - 45 years	118	25.5
	46 - 55 years	39	8.4
	Above 55 years	45	9.7
Marital Status	Married	183	39.6
	Unmarried	197	42.6
	Widow	39	8.4
	Divorced/ Separated	43	9.3
Level of Education	Illiterate	11	2.4
	Literate	18	3.9
	+2 level	195	42.2
	Bachelor's level	190	41.1
	Master's level	47	10.2
	Above master's level	1	0.2
Types of Business	Retail	127	27.5
	Manufacturing	94	20.3
	Service	45	9.7
	Agriculture	52	11.3
	Home based	46	10.0
	Online	78	16.9
	Other	20	4.3
Monthly Income	Less than Rs. 25,000	23	5.0
	Rs. 25,000 - Rs. 50,000	261	56.5
	Rs. 50,001 - Rs. 100,000	168	36.4
	Above Rs. 100,000	10	2.2
Years of Entrepreneurial Experiences	Less than 1 year	16	3.5
	1 – 3 years	166	35.9
	4 – 6 years	219	47.4
	7 – 9 years	45	9.7
	More than 9 years	16	3.5

(Source: Online and Field Survey, 2025; SPSS Version 29) N = 462

Table 4 presents the demographic profile of 462 respondents in the study titled “Effect of Financial Literacy on Investment Decision of Women Entrepreneurs in Kathmandu Metropolitan.” The data reveals that a large portion of respondents are young entrepreneurs, with 27.7 percent under 25 years and 28.6 percent between 25 and 35 years, showing that over half of the participants are below 35 years old. Regarding marital status, 42.6 percent are unmarried and 39.6 percent are married, with smaller shares being widowed or divorced/separated. Educational attainment is relatively high, as 42.2 percent have completed +2 level education and 41.1 percent hold bachelor’s degrees, indicating a well-educated respondent group. The types of business operated vary, with retail businesses constituting 27.5 percent, manufacturing 20.3 percent, and online businesses 16.9 percent, reflecting a diverse range of entrepreneurial activities in Kathmandu Metropolitan. Most respondents (56.5 percent) earn between Rs. 25,000 and Rs. 50,000 monthly and 36.4 percent earn between Rs. 50,001 and Rs. 100,000, suggesting moderate income levels. In terms of entrepreneurial experience, the majority (83.3 percent) have between one and six years of experience, with 47.4 percent having four to six years, indicating a relatively experienced and growing group of women entrepreneurs. This demographic information is essential for understanding the context in which financial literacy impacts the investment decisions of women entrepreneurs in Kathmandu Metropolitan, providing a foundation for targeted interventions and policy formulation.

### **Results of Descriptive Statistics**

Descriptive statistics including minimum, maximum, mean and standard deviation have been used to analyze the collected data. This study examines five independent variables: Financial Behavior, Financial Attitude, Financial Skill, Knowledge about Investment Products, and Subjective Norms. The dependent variable is Investment Decision. These measures provide insights into the distribution, central tendency, and variability of respondents’ perceptions and behaviors. Descriptive statistics are used to assess the current situation of each study variable by examining the mean values and to guide decision-making through the interpretation of standard deviation. Financial Behavior reflects respondents’ financial practices. Financial Attitude captures their mindset towards finance. Financial Skill indicates their ability to manage financial tasks. Knowledge about Investment Products measures awareness of

investment options. Subjective Norms represent social influences affecting financial decisions. Investment Decision assesses the quality and effectiveness of investment choices made by women entrepreneurs. The descriptive statistics for each variable are presented below, followed by a summary.

**Table 5**

*Descriptive Statistics of Financial Behavior*

Code	Statements	Min	Max	Mean	S.D.
FB1	I regularly monitor my income and expenses to manage my business finances effectively.	2.00	5.00	3.7900	0.56013
FB2	I allocate a portion of my earnings for future investment purposes.	2.00	5.00	3.5584	0.59993
FB3	I avoid unnecessary debts and manage credit responsibly.	2.00	5.00	3.9545	0.26365
FB4	I maintain proper records of my financial transactions.	1.00	5.00	2.7468	0.74428
FB5	I compare financial options before making investment decisions.	2.00	5.00	3.7641	0.51292
FB6	I follow a personal or business budget to control spending.	1.00	5.00	3.9502	0.33539

*(Sources: Online and Field Survey, 2025; SPSS Version 29)*

Table 5 shows the descriptive statistics of Financial Behavior among women entrepreneurs in Kathmandu Metropolitan. The mean values reflect agreement with each statement, while the standard deviation (S.D.) indicates response variability. Respondents mostly agreed with “I avoid unnecessary debts and manage credit responsibly” (FB3), which recorded the highest mean (3.9545) and lowest variability (S.D. = 0.26365), indicating strong consensus. “I follow a personal or business budget to control spending” (FB6) also received high agreement (Mean = 3.9502) with low variability (S.D. = 0.33539). Moderate agreement was observed for “I regularly monitor my income and expenses” (FB1, Mean = 3.7900) and “I compare financial options before making investment decisions” (FB5, Mean = 3.7641), both showing consistent responses (S.D. < 0.6). “I allocate a portion of my earnings for future investment purposes” (FB2) had a mean of 3.5584 with slightly higher variation (S.D.

= 0.59993). The lowest mean was for “I maintain proper records of my financial transactions” (FB4, Mean = 2.7468), suggesting limited record-keeping, and it showed the highest variability (S.D. = 0.74428), indicating diverse behavior.

**Table 6**

*Descriptive Statistics of Financial Attitude*

Code	Statements	Min	Max	Mean	S.D.
FA1	I believe it is important to plan finances before making investments.	2.00	5.00	3.9437	0.38558
FA2	I feel confident about making financial decisions.	2.00	5.00	3.7597	0.52761
FA3	I prefer saving and investing money rather than spending it.	2.00	5.00	3.9589	0.28793
FA4	I view financial planning as a way to achieve long-term business success.	1.00	5.00	3.5628	0.59949
FA5	I am willing to take calculated financial risks in my business.	1.00	5.00	3.0498	0.46541
FA6	I believe financial responsibility is key to successful entrepreneurship.	3.00	5.00	4.0087	0.17405

*(Sources: Online and Field Survey, 2025; SPSS Version 29)*

Table 6 reveals the descriptive statistics of Financial Attitude among women entrepreneurs in Kathmandu Metropolitan. The highest mean was observed for the statement “I believe financial responsibility is key to successful entrepreneurship” (FA6), with a strong agreement (Mean = 4.0087) and very low variability (S.D. = 0.17405), indicating a consistent positive attitude. “I prefer saving and investing money rather than spending it” (FA3) also showed high agreement (Mean = 3.9589) with low variability (S.D. = 0.28793), reflecting a strong savings-oriented mindset. “I believe it is important to plan finances before making investments” (FA1) received similar support (Mean = 3.9437). Moderate agreement was recorded for “I feel confident about making financial decisions” (FA2, Mean = 3.7597) and “I view financial planning as a way to achieve long-term business success” (FA4, Mean = 3.5628), though the latter showed more response variation (S.D. = 0.59949). The lowest mean was for “I am willing to take calculated financial risks in my business”

(FA5, Mean = 3.0498), suggesting caution among respondents, with moderate variability (S.D. = 0.46541). These findings highlight a generally positive financial attitude with a preference for caution and prudence, which may influence how women entrepreneurs approach investment decisions and risk management in their business ventures.

**Table 7**

*Descriptive Statistics of Financial Skill*

Code	Statements	Min	Max	Mean	S.D.
FS1	I am capable of analyzing the financial viability of an investment.	1.00	5.00	2.2381	0.60333
FS2	I can prepare a basic financial planning for my business.	2.00	5.00	3.8009	0.47424
FS3	I know how to manage cash flow efficiently.	1.00	5.00	3.4524	0.61516
FS4	I am able to evaluate and compare investment opportunities.	1.00	5.00	3.1277	0.51331
FS5	I can interpret basic financial statements (like profit and loss, balance sheet).	1.00	5.00	3.2835	0.64511
FS6	I am confident in using digital financial tools and apps for managing my investments.	1.00	5.00	3.8615	0.53334

*(Sources: Online and Field Survey, 2025; SPSS Version 29)*

Table 7 gives the descriptive statistics of Financial Skill among women entrepreneurs in Kathmandu Metropolitan. The highest mean was found for the statement “I am confident in using digital financial tools and apps for managing my investments” (FS6, Mean = 3.8615), reflecting strong digital confidence with moderate variability (S.D. = 0.53334). This is followed by “I can prepare a basic financial planning for my business” (FS2, Mean = 3.8009), suggesting relatively high self-assessed planning ability with low variability (S.D. = 0.47424). Moderate agreement was observed for “I know how to manage cash flow efficiently” (FS3, Mean = 3.4524) and “I can interpret basic financial statements” (FS5, Mean = 3.2835), although FS5 showed higher variability (S.D. = 0.64511), indicating diverse responses. “I am able to

evaluate and compare investment opportunities” (FS4) had a slightly lower mean of 3.1277, with moderate variability (S.D. = 0.51331). The lowest mean was recorded for “I am capable of analyzing the financial viability of an investment” (FS1, Mean = 2.2381), showing a significant skill gap in financial analysis with moderate variability (S.D. = 0.60333).

**Table 8**

*Descriptive Statistics of Knowledge about Investment Products*

Code	Statements	Min	Max	Mean	S.D.
KIP1	I am aware of different types of investment products available in the market.	1.00	5.00	3.8983	0.43246
KIP2	I understand the risks and returns associated with various investment options.	1.00	5.00	3.5108	0.56937
KIP3	I know the procedures for investing in mutual funds, stocks, or fixed deposits.	1.00	5.00	3.5260	0.60938
KIP4	I understand how inflation affects investment returns.	1.00	5.00	3.2035	0.47239
KIP5	I have knowledge about the legal and regulatory aspects of investments.	1.00	5.00	3.1926	0.48369
KIP6	I stay updated about current investment trends and opportunities.	2.00	5.00	3.1515	0.44036

*(Sources: Online and Field Survey, 2025; SPSS Version 29)*

Table 8 reveals the descriptive statistics of Knowledge about Investment Products among women entrepreneurs in Kathmandu Metropolitan. The highest mean was observed for “I am aware of different types of investment products available in the market” (KIP1, Mean = 3.8983), indicating strong awareness with low variability (S.D. = 0.43246). Moderate agreement was shown for both “I understand the risks and returns associated with various investment options” (KIP2, Mean = 3.5108) and “I know the procedures for investing in mutual funds, stocks, or fixed deposits” (KIP3, Mean = 3.5260), though the latter showed slightly higher variability (S.D. = 0.60938).

“I understand how inflation affects investment returns” (KIP4) and “I have knowledge about the legal and regulatory aspects of investments” (KIP5) showed lower mean values of 3.2035 and 3.1926 respectively, suggesting limited knowledge in these areas. The lowest mean was for “I stay updated about current investment trends and opportunities” (KIP6, Mean = 3.1515), reflecting less proactive engagement, though variability remained low (S.D. = 0.44036).

**Table 9**

*Descriptive Statistics of Subjective Norms*

Code	Statements	Min	Max	Mean	S.D.
SN1	I consider suggestions from family members before making investment decisions.	2.00	5.00	3.7900	0.56013
SN2	I am influenced by the investment behavior of other women entrepreneurs.	2.00	5.00	3.5584	0.59993
SN3	I value financial advice given by my peers or mentors.	2.00	5.00	3.9545	0.26365
SN4	I invest based on recommendations from trusted individuals in my network.	1.00	5.00	2.7468	0.74428
SN5	My social circle encourages me to invest in productive financial instruments.	2.00	5.00	3.7641	0.51292

*(Sources: Online and Field Survey, 2025; SPSS Version 29)*

Table 9 illustrates the descriptive statistics of Subjective Norms among women entrepreneurs in Kathmandu Metropolitan. The highest mean was found for “I value financial advice given by my peers or mentors” (SN3, Mean = 3.9545) with the lowest variability (S.D. = 0.26365), indicating strong and consistent reliance on peer or mentor input. “I consider suggestions from family members before making investment decisions” (SN1, Mean = 3.7900) and “My social circle encourages me to invest in productive financial instruments” (SN5, Mean = 3.7641) also received high agreement with relatively low variability, suggesting that social encouragement plays a meaningful role in investment decisions. Moderate agreement was observed for “I

am influenced by the investment behavior of other women entrepreneurs” (SN2, Mean = 3.5584, S.D. = 0.59993), reflecting some influence from peers in the business community. The lowest mean was recorded for “I invest based on recommendations from trusted individuals in my network” (SN4, Mean = 2.7468), along with the highest variability (S.D. = 0.74428), indicating less frequent reliance on personal recommendations and more diverse opinions on this statement.

**Table 10**

*Descriptive Statistics of Investment Decision*

Code	Statements	Min	Max	Mean	S.D.
ID1	I make investment decisions based on careful evaluation.	1.00	5.00	3.6126	1.23370
ID2	I regularly invest in financial products to grow my income.	1.00	5.00	3.6688	1.20405
ID3	I feel confident about the investments I make for my business.	1.00	5.00	3.6602	1.15937
ID4	I diversify my investments to minimize financial risks.	1.00	5.00	3.6602	1.22664
ID5	I have a clear investment goal aligned with my business growth.	1.00	5.00	3.6926	1.18042

*(Sources: Online and Field Survey, 2025; SPSS Version 29)*

Table 10 displays the descriptive statistics of Investment Decision among women entrepreneurs in Kathmandu Metropolitan. The highest mean was for “I have a clear investment goal aligned with my business growth” (ID5), which scored 3.6926 with a standard deviation (S.D.) of 1.18042, showing moderate agreement with some variation among respondents. “I regularly invest in financial products to grow my income” (ID2) had a mean of 3.6688 and S.D. of 1.20405, indicating similar agreement but slightly higher variability. The statements “I diversify my investments to minimize financial risks” (ID4) and “I feel confident about the investments I make for my business” (ID3) both had a mean of 3.6602, with S.D.s of 1.22664 and 1.15937 respectively, reflecting consistent but varied opinions about confidence and risk diversification among the respondents. Lastly, “I make investment decisions based on careful evaluation” (ID1) had the lowest mean of 3.6126 and the highest variability with an S.D. of 1.23370, showing the widest range of responses about

decision-making processes. Overall, the relatively high standard deviations across all statements suggest that women entrepreneurs differ considerably in their investment decision behaviors, confidence levels, and approaches to financial risk, possibly influenced by diverse personal experiences and business environments.

**Table 11**

*Summary of Descriptive Statistics*

Variables	N	Min	Max	Mean	S.D.
FB	462	1.83	4.83	3.6268	0.32672
FA	462	2.00	5.00	3.7131	0.26021
FS	462	1.33	5.00	3.2945	0.37098
KIP	462	1.67	5.00	3.4141	0.33913
SN	462	2.00	4.80	3.5628	0.36173
ID	462	1.60	5.00	3.5593	0.35652

*(Source: SPSS Version 29)*

Table 11 summarizes the descriptive statistics of key variables based on responses from 462 women entrepreneurs in Kathmandu Metropolitan using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Financial Behavior (FB) shows a mean of 3.6268, indicating generally responsible practices, with moderate variability (S.D. = 0.32672). Financial Attitude (FA) has the highest mean of 3.7131, reflecting strong positive attitudes, and the lowest S.D. of 0.26021, showing consistent responses. Financial Skill (FS) has the lowest mean of 3.2945, indicating relatively weaker skill levels, and the highest S.D. of 0.37098, suggesting wide variation in ability. Knowledge about Investment Products (KIP) records a mean of 3.4141 and S.D. of 0.33913, reflecting moderate awareness and variability. Subjective Norms (SN) shows a mean of 3.5628 with S.D. 0.36173, indicating moderate social influence and variation. Investment Decision (ID) has a mean of 3.5593 and S.D. 0.35652, reflecting generally positive but varied decision-making. Among all variables, Financial Attitude shows the highest mean (3.7131) and lowest S.D. (0.26021) while Financial Skill has the lowest mean (3.2945) and highest S.D. (0.37098), indicating strong attitudes but weaker, varied skills among women entrepreneurs in Kathmandu Metropolitan, which may affect their overall investment decision effectiveness and confidence.

## Results of Inferential Statistics

In current study, Inferential statistics have included correlation analysis and regression analysis. Correlation analysis has assessed the strength and direction of the relationships between these variables, while regression analysis has evaluated how well the independent variables predict investment decision-making among women entrepreneurs. These analyses help identify which specific aspects of financial literacy and social influence significantly affect investment behavior, providing valuable insights for designing effective support programs. Detailed results are presented in the following sections.

### Correlation Analysis

Correlation analysis has been conducted to measure the relationships between Financial Behavior (FB), Financial Attitude (FA), Financial Skill (FS), Knowledge about Investment Products (KIP) and Subjective Norms (SN) with Investment Decision (ID). This technique identifies the strength and direction of the associations between each independent variable and the dependent variable. The correlation results are presented in the table below.

**Table 12**

*Correlation Analysis Between Study Variables*

Variables	FB	FA	FS	KIP	SN	ID
FB	1					
FA	0.694**	1				
FS	0.693**	0.728**	1			
KIP	0.588**	0.598**	0.676**	1		
SN	0.987**	0.695**	0.690**	0.569**	1	
ID	0.637**	0.644**	0.702**	0.630**	0.630**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

(Source: SPSS Version 29)

Table 12 depicts the correlation analysis between the independent variables such as FB, FA, FS, KIP, SN with ID. Financial Behavior (FB) has a strong positive correlation with Investment Decision ( $r = 0.637$ ) with a p-value less than 0.01 ( $p < 0.01$ ) indicating this relationship is statistically significant. This means that as women entrepreneurs improve their financial behavior their investment decisions tend to improve. Financial Attitude (FA) also shows a strong positive correlation ( $r = 0.644$ )

with a p-value less than 0.01 ( $p < 0.01$ ) confirming a significant association, meaning positive financial attitudes significantly influence investment decisions. Financial Skill (FS) exhibits the strongest correlation ( $r = 0.702$ ) with a p-value less than 0.01 ( $p < 0.01$ ) showing a highly significant effect, indicating that higher financial skills strongly contribute to better investment decisions. Knowledge about Investment Products (KIP) has a strong positive correlation ( $r = 0.630$ ) with a p-value less than 0.01 ( $p < 0.01$ ) suggesting that increased knowledge significantly supports better investment choices. Similarly, Subjective Norms (SN) show a strong positive correlation ( $r = 0.630$ ) with a p-value less than 0.01 ( $p < 0.01$ ) confirming that social influence significantly affects investment decisions. Overall, since all p-values are less than 0.01 ( $p < 0.01$ ), these correlations are statistically significant, demonstrating that all independent variables have meaningful positive relationships with investment decision among women entrepreneurs, reinforcing the robustness of the study's findings.

### Regression Analysis

Regression analysis has been conducted to examine the effect of Financial Behavior (FB), Financial Attitude (FA), Financial Skill (FS), Knowledge about Investment Products (KIP) and Subjective Norms (SN) on Investment Decision (ID). The analysis includes the model summary, analysis of variance, and regression coefficients to evaluate how significantly and effectively these financial literacy dimensions explain variations in investment decisions. The results of the regression analysis are presented in the following sections.

**Table 13**

*Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.758	0.575	0.570	0.23377

a. Predictors: (Constant), FB, FA, FS, KIP, SN

(Source: SPSS Version 29)

Table 13 highlights the model summary of this study, showing an R-square value of 0.575. This indicates that approximately 57.5% of the variation in Investment Decision (ID) is explained by the combined effect of the independent variables: Financial Behavior (FB), Financial Attitude (FA), Financial Skill (FS), Knowledge

about Investment Products (KIP) and Subjective Norms (SN). The remaining 42.5% of the variance in investment decision is attributed to other factors not included in the model. The adjusted R-square value of 0.570 suggests a minimal difference from the R-square, indicating a good fit and that the model is relatively stable even when adjusted for the number of predictors. The standard error of the estimate (0.23377) reflects the average distance that the observed values fall from the regression line, indicating the model's precision in predicting investment decisions.

**Table 14**

*Analysis of Variance (ANOVA)*

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.675	5	6.735	123.242	0.000
	Residual	24.920	456	0.055		
	Total	58.595	461			

a. Dependent variable: ID

b. Predictors: (Constant), FB, FA, FS, KIP, SN

(Source: SPSS Version 29)

Table 14 represents the analysis of variance for the regression model. The significance value or p-value (Sig. = 0.000) which is less than the 1% significance level ( $p < 0.01$ ), indicating that the regression model is statistically significant. This means that FB, FA, FS, KIP and SN collectively have a significant impact on ID. The high F-value (123.242) further supports the strength and overall significance of the model, confirming its explanatory power in this entrepreneurial context.

**Table 15**

*Coefficients of Independent Variables for Dependent Variable ID*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Sd. error	Beta		
1	(Constant)	0.266	0.182		1.461	0.145
	FB	0.175	0.214	0.161	0.820	0.412
	FA	0.220	0.067	0.160	3.276	0.001
	FS	0.300	0.050	0.313	6.027	0.000
	KIP	0.228	0.046	0.217	4.994	0.000
	SN	0.021	0.192	0.021	0.109	0.914

a. Dependent variable: ID

(Source: SPSS Version 29)

$$ID = 0.266 + 0.175FB + 0.220FA + 0.300FS + 0.228KIP + 0.021SN + \epsilon$$

Table 15 displays the regression coefficients to assess the individual impact of each independent variable on Investment Decision (ID). Financial Behavior (FB) has an unstandardized coefficient of 0.175 and a p-value of 0.412 which is greater than 0.01 indicating that FB is not statistically significant in influencing ID. This non-significance might be because financial behavior varies greatly among individuals and may not directly predict investment decisions in this context, or because other stronger factors overshadow its influence. Financial Attitude (FA) has an unstandardized coefficient of 0.220 and a p-value of 0.001 which is less than 0.01 indicating a significant impact on ID; this means that a one-unit increase in FA leads to a 0.220 unit increase in ID. Financial Skill (FS) has an unstandardized coefficient of 0.300 and a p-value of 0.000 which is less than 0.01 showing a significant positive effect; a one-unit increase in FS results in a 0.300 unit increase in ID. Knowledge about Investment Products (KIP) has an unstandardized coefficient of 0.228 and a p-value of 0.000 also less than 0.01, indicating a significant effect; thus, a one-unit increase in KIP raises ID by 0.228 units. Subjective Norms (SN) has an unstandardized coefficient of 0.021 and a p-value of 0.914 which is greater than 0.01 meaning SN is not statistically significant. This may be because investment decisions are personal choices less influenced by social pressure or opinions in this sample, making SN less relevant. Among the significant predictors, Financial Skill (FS) has the highest impact on Investment Decision with a standardized coefficient (Beta) of 0.313, while Financial Attitude (FA) has the lowest significant impact with a Beta of 0.160.

**Table 16**

*Test of Research Hypotheses*

Statements of Hypothesis	Sig.	Decision
H <sub>1</sub> : There is a significant effect of Financial Behavior on the investment decision of women entrepreneurs in Kathmandu Metropolitan.	0.412	Negated
H <sub>2</sub> : There is a significant effect of Financial Attitude on the investment decision of women entrepreneurs in Kathmandu Metropolitan.	0.001	Supported
H <sub>3</sub> : There is a significant effect of Financial Skill on the investment decision of women entrepreneurs in Kathmandu Metropolitan.	0.000	Supported
H <sub>4</sub> : There is a significant effect of Knowledge about Investment Products on the investment decision of women entrepreneurs in Kathmandu Metropolitan.	0.000	Supported
H <sub>5</sub> : There is a significant effect of Subjective Norms on the investment decision of women entrepreneurs in Kathmandu Metropolitan.	0.914	Negated

*(Source: Regression Analysis)*

The results of hypothesis testing in Table 16 shows varied outcomes across the five hypotheses. For H<sub>1</sub>, the p-value for Financial Behavior is 0.412 which is greater than the 0.01 significance level indicating that Financial Behavior does not have a statistically significant effect on the investment decision of women entrepreneurs. Therefore, H<sub>1</sub> is negated. For H<sub>2</sub>, the p-value for Financial Attitude is 0.001, which is less than 0.01 indicating a statistically significant effect. Thus, H<sub>2</sub> is supported. For H<sub>3</sub>, the p-value for Financial Skill is 0.000, which is below the 0.01 significance threshold indicating a significant impact on investment decision, and H<sub>3</sub> is supported. For H<sub>4</sub>, the p-value for Knowledge about Investment Products is 0.000 also less than 0.01, confirming its significant effect, and H<sub>4</sub> is supported. Finally, for H<sub>5</sub>, the p-value for Subjective Norms is 0.914 which is greater than 0.01 indicating no statistically significant effect on investment decision. Therefore, H<sub>5</sub> is negated.

## **4.2 Discussion**

This study has examined the effect of financial literacy on the investment decision of women entrepreneurs in Kathmandu Metropolitan by collecting primary data from 462 respondents through structured questionnaires. Statistical analyses including reliability tests, demographic profiling, descriptive statistics (minimum, maximum, mean and standard deviation) and inferential statistics such as correlation and regression analyses have been conducted using SPSS Version 29 software to ensure a comprehensive examination of the data. The reliability test has shown acceptable internal consistency for all study variables, with Cronbach's alpha values ranging from 0.653 to 0.760, confirming that the measurement instruments have been reliable. The demographic profile of respondents has included women entrepreneurs from a wide range of age groups, with the majority between 25 and 35 years. Most respondents have been either unmarried or married and possessed at least a +2 or bachelor's level of education. The participants have represented diverse business sectors such as retail, manufacturing, agriculture, home-based, and online businesses. In terms of monthly income, a majority have earned between Rs. 25,000 and Rs. 50,000, while most respondents have had 4 to 6 years of entrepreneurial experience. This diversity in demographic characteristics has provided a comprehensive understanding of the study population.

The descriptive statistics has shown generally positive perceptions of financial literacy among respondents. Financial Behavior (FB) has a mean of 3.6268 indicating

responsible practices. Financial Attitude (FA) has the highest mean of 3.7131 reflecting strong positive attitudes. Financial Skill (FS) has the lowest mean of 3.2945 showing weaker and varied skills. Knowledge about Investment Product (KIP) has a mean of 3.4141, indicating moderate awareness. Subjective Norms (SN) has a mean of 3.5628 showing moderate social influence. Investment Decision (ID) has a mean of 3.5593 indicating generally positive decisions.

Correlation analysis has indicated a strong positive and statistically significant relationship between Financial Behavior (FB) and investment decision ( $r = 0.637$ ). Similarly, Financial Attitude (FA) has demonstrated a strong positive correlation with investment decision ( $r = 0.644$ ). Financial Skill (FS) has shown the strongest positive correlation with investment decision ( $r = 0.702$ ). Knowledge about Investment Products (KIP) has also exhibited a strong positive correlation ( $r = 0.630$ ), as has Subjective Norms (SN) with investment decision ( $r = 0.630$ ). All correlations have been significant at the 0.01 level, confirming that each financial literacy dimension has had a strong positive association with investment decisions.

The multiple regression analysis has showed that the combined effect of FB, FA, FS, KIP and SN explains 57.5% ( $R^2 = 0.575$ ) of the variance in investment decision, indicating a moderate to strong model fit. The ANOVA results show an F value of 123.242 with a p-value of 0.000, indicating that this regression model is statistically significant and suitable for further analysis of the individual effects of each variable on investment decision. Individually, the unstandardized coefficients are: FB = 0.175, FA = 0.220, FS = 0.300, KIP = 0.228 and SN = 0.021. Among these, FA, FS, and KIP have a significant impact on investment decision as their p-values are less than 0.01. Among the significant variables, Financial Skill (FS) has the highest standardized coefficient (Beta = 0.313), indicating the strongest impact on investment decisions, while Financial Attitude (FA) has the lowest significant standardized coefficient (Beta = 0.160), also significantly impacting investment decisions. Financial Behavior (FB) and Subjective Norms (SN) did not show statistically significant effects as their p-values are greater than 0.01. These findings emphasize that financial skills, knowledge, and attitudes significantly impact the investment decisions of women entrepreneurs in Kathmandu Metropolitan.

In the current study, all independent variables including Financial Behavior (FB), Financial Attitude (FA), Financial Skill (FS), Knowledge about Investment Products (KIP) and Subjective Norms (SN) have shown strong positive and statistically significant correlations with Investment Decision (ID). This is consistent with previous studies such as Khan et al. (2024), Gupta et al. (2024), and Chalise et al. (2024), which reported similar positive associations, supporting theories like the Theory of Planned Behavior (TPB), Social Cognitive Theory (SCT), and Human Capital Theory. The particularly strong correlation of Financial Skill with ID aligns well with Human Capital Theory, emphasizing the importance of skills in decision-making. However, some contrasts exist, such as Mishra and Kumar (2022) and Ahmad and Shah (2020), who found weaker or less consistent relationships for certain variables, possibly due to contextual or methodological differences. Subjective Norms, while strongly correlated in this study, contrasted with findings from Ahmad and Shah (2020), indicating that social influence may vary across different settings.

The regression analysis in the current study has shown that Financial Attitude (FA), Financial Skill (FS) and Knowledge about Investment Products (KIP) significantly and positively impact Investment Decision (ID). These findings are consistent with results from Gupta et al. (2024), Sharma and Patel (2024), and Khan et al. (2024). These results reinforce the relevance of Human Capital Theory and Financial Literacy Theory, highlighting that enhanced skills, knowledge and positive attitudes empower women entrepreneurs to make better investment decisions. The strong influence of Financial Skill also supports prior work by Zogning (2023) and Iram et al. (2021). In contrast, Financial Behavior (FB) and Subjective Norms (SN) did not show significant impacts, differing from some studies such as Ahmad and Shah (2020) and Chalise et al. (2024). These differences may be explained by differing social and cultural contexts. Behavioral Life Cycle Theory (BLCT) helps interpret these differences by considering how psychological and social framing affect financial behaviors and decisions variably across environments.

## **CHAPTER V**

### **SUMMARY AND CONCLUSION**

This chapter has comprised three sections: a summary of the study, the research conclusions, and the implications derived from both the summary and the conclusions.

#### **5.1 Summary**

This study investigates the effect of financial literacy on the investment decision of women entrepreneurs in Kathmandu Metropolitan using a descriptive, correlational, and causal-comparative research design. The target population has included women entrepreneurs engaged in diverse sectors such as retail, manufacturing, agriculture, home-based and online businesses. A total of 462 valid responses have been collected using convenience sampling, exceeding the required sample size of 384 determined through Cochran's (1977) formula. Primary data have been gathered through structured questionnaires distributed both online and in the field. The study has considered financial behavior, financial attitude, financial skill, knowledge about investment products and subjective norms as independent variables with investment decision as the dependent variable. Data analysis has included reliability testing, demographic profiling, descriptive statistics and inferential analyses such as correlation and regression. Reliability analysis has confirmed acceptable internal consistency for all constructs, with Cronbach's alpha values ranging from 0.653 to 0.760. The demographic profile has shown that most respondents were aged 25 to 35 had at least +2 or bachelor's education and had between 4 to 6 years of entrepreneurial experience, with monthly incomes ranging between Rs. 25,000 and Rs. 50,000.

The descriptive statistics have shown that women entrepreneurs generally hold positive perceptions of financial literacy. Financial Attitude had the highest mean score, followed by Financial Behavior and Subjective Norms, indicating strong financial mindsets and moderate social support for prudent decisions. Knowledge about Investment Products and Financial Skill had slightly lower means, suggesting varied awareness and ability to apply financial knowledge. The Investment Decision variable showed a moderately high average, reflecting thoughtful and generally positive investment practices among respondents.

The correlation analysis has shown that all five financial literacy dimensions, namely Financial Behavior, Financial Attitude, Financial Skill, Knowledge about Investment Products, and Subjective Norms, have strong positive relationships with Investment Decision among women entrepreneurs. This implies that improvements in each dimension enhance investment decision-making. Better Financial Behavior supports responsible financial actions. A positive Financial Attitude fosters wiser money management. Strong Financial Skill enables effective application of knowledge. Greater Knowledge about Investment Products leads to informed choices. Stronger Subjective Norms reflect supportive influences that encourage better investment behavior.

The regression analysis has revealed that Financial Skill, Financial Attitude, and Knowledge about Investment Products significantly and positively influence Investment Decision. Financial Skill has the strongest effect, emphasizing the role of practical abilities in sound investment choices. Financial Attitude contributes by promoting a confident mindset, while Knowledge about Investment Products helps in evaluating investment options. In contrast, Financial Behavior and Subjective Norms, though positively correlated, did not show significant individual effects, indicating they are not strong independent predictors. Overall, the study has addressed all research questions, met its objectives, supported H2, H3 and H4 while rejected H1 and H5 forming the basis for the study's conclusions.

## **5.2 Conclusion**

The first objective is to assess the current situation of financial literacy and investment decision of women entrepreneurs in Kathmandu Metropolitan, has been fulfilled through descriptive statistical analysis. This analysis has provided detailed insights into financial behavior, attitude, skill, knowledge about investment products and subjective norms among the respondents. Demographic data such as age, education level, type of business, monthly income, and years of entrepreneurial experience have helped contextualize the results. From the researcher's perspective, understanding this baseline financial literacy and investment environment is essential for designing targeted interventions to support women entrepreneurs' investment capabilities.

The second objective is to examine the relationship between financial literacy dimensions such as financial behavior, financial attitude, financial skill, knowledge about investment products and subjective norms with investment decision of women entrepreneurs in Kathmandu Metropolitan, has been achieved through correlation analysis. The analysis reveals strong positive relationships between all financial literacy dimensions and investment decision. This indicates that improvements in financial behavior, financial attitude, financial skill, knowledge about investment products, and subjective norms are all associated with better investment decision-making. The researcher views these findings as important confirmation that enhancing all aspects of financial literacy is necessary because they collectively contribute to improved investment decisions among women entrepreneurs.

The third objective is to analyze the effect of financial literacy dimensions such as financial behavior, financial attitude, financial skill, knowledge about investment products and subjective norms on the investment decision of women entrepreneurs in Kathmandu Metropolitan, has been addressed through regression analysis. The results confirm that financial skill, attitude and knowledge about investment products have significant positive effects on investment decisions. While financial behavior and subjective norms show positive relationships with investment decision, they do not have significant independent impacts. From the researcher's perspective, these findings highlight the importance of prioritizing financial skill development, positive financial attitudes, and investment knowledge in programs aimed at improving investment decision-making among women entrepreneurs.

### **5.3 Implications**

This study on the effect of financial literacy on investment decisions of women entrepreneurs in Kathmandu Metropolitan carries several important implications for policymakers, practitioners, and the academic community. These implications not only provide practical recommendations but also identify potential areas for future research.

#### **For Policymakers**

The findings emphasize the need for targeted financial literacy programs focusing on enhancing financial skills, attitudes, and knowledge about investment products among women entrepreneurs. Policymakers should consider designing and implementing

inclusive training initiatives and awareness campaigns tailored to the unique needs of women entrepreneurs to improve their investment decision-making capacity. Moreover, policies that encourage access to financial education resources and investment opportunities can empower women entrepreneurs and foster economic growth in Kathmandu Metropolitan.

### **For Practitioners and Support Organizations**

Entrepreneurship development agencies, microfinance institutions, and business support organizations can use these insights to refine their financial training modules by placing greater emphasis on practical financial skills and positive financial attitudes. Mentorship programs and workshops could integrate modules that specifically increase knowledge about investment products to help women entrepreneurs make informed investment choices. Additionally, practitioners should consider the role of subjective norms and social influences, leveraging community networks to enhance the reach and effectiveness of financial literacy initiatives.

### **For the Academic Community**

This study contributes to the existing body of knowledge by identifying which dimensions of financial literacy most strongly impact investment decisions among women entrepreneurs. Future researchers can build on this foundation by exploring the longitudinal effects of financial literacy interventions and examining other potential mediating or moderating factors such as cultural influences, risk tolerance, or entrepreneurial motivation. Comparative studies between urban and rural women entrepreneurs may also provide deeper insights into contextual differences in financial literacy and investment behavior.

### **Recommendations and Future Research**

Based on the findings, it is recommended that future research investigate the effectiveness of specific financial literacy training programs and their impact on actual investment outcomes over time. Exploring the psychological and socio-cultural factors that influence financial attitudes and behaviors could offer a more holistic understanding of investment decision-making. Additionally, expanding the sample to include a broader geographic scope and diverse entrepreneurial sectors may enhance the generalizability of findings and support the development of more comprehensive financial literacy policies and practices.

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# APPENDIX

## Questionnaire

Dear Respondent,

I am Sita Bist, an MBS student at Shanker Dev Campus, Putalisadak, Kathmandu. As part of my master's degree dissertation, I am conducting a survey on **“Effect of Financial Literacy on Investment Decision of Women Entrepreneurs in Kathmandu Metropolitan”** I am collecting primary data for this research and kindly request your assistance in completing this questionnaire. The information you provide will be used solely for academic purposes. Therefore, I kindly ask you to take a few minutes to complete the following sections.

### Section A: Demographic Information

Please choose the option that best describes you for each demographic factor below:

#### 1. Age Group

- a) Below 25 years
- b) 25 – 35 years
- c) 36 – 45 years
- d) 46 – 55 years
- e) Above 55 years

#### 2. Marital Status

- a) Married
- b) Unmarried
- c) Widow
- d) Divorced/Separated

#### 3. Level of Education

- a) Illiterate
- b) Literate
- c) +2 level
- d) Bachelor's level
- e) Master's level
- f) Above master's level

#### 4. Type of Business

- a) Retail
- b) Manufacturing
- c) Service
- d) Agriculture
- e) Home based
- f) Online
- g) Other

#### 5. Monthly Income

- a) Less than Rs. 25,000
- b) Rs. 25,000 – Rs. 50,000
- c) Rs. 50,001 – Rs. 1,00,000
- d) More than Rs. 1,00,000

#### 6. Years of Entrepreneurial Experiences

- a) Less than 1 year
- b) 1 – 3 years
- c) 4 – 6 years
- d) 7 – 9 years
- e) More than 9 years

#### Section B: Statements for Study Variable

The following statements are related to the variables in this study. Please indicate your level of agreement with each statement. Your responses will be measured using a five-point Likert scale, defined as follows:

##### *Likert's Scale*

Likert scale items	Ratings
Strongly Agree	5
Agree	4
Neutral	3
Disagree	2
Strongly Disagree	1

*(Source: Likert, 1932)*

**Financial Behavior (FB)**

Code	Statements	Ratings				
		5	4	3	2	1
FB1	I regularly monitor my income and expenses to manage my business finances effectively.					
FB2	I allocate a portion of my earnings for future investment purposes.					
FB3	I avoid unnecessary debts and manage credit responsibly.					
FB4	I maintain proper records of my financial transactions.					
FB5	I compare financial options before making investment decisions.					
FB6	I follow a personal or business budget to control spending.					

*(Source: Author's Development)*

**Financial Attitude (FA)**

Code	Statements	Ratings				
		5	4	3	2	1
FA1	I believe it is important to plan finances before making investments.					
FA2	I feel confident about making financial decisions.					
FA3	I prefer saving and investing money rather than spending it.					
FA4	I view financial planning as a way to achieve long-term business success.					
FA5	I am willing to take calculated financial risks in my business.					
FA6	I believe financial responsibility is key to successful entrepreneurship.					

*(Source: Author's Development)*

**Financial Skill (FS)**

Code	Statements	Ratings				
		5	4	3	2	1
FS1	I am capable of analyzing the financial viability of an investment.					
FS2	I can prepare a basic financial planning for my business.					
FS3	I know how to manage cash flow efficiently.					
FS4	I am able to evaluate and compare investment opportunities.					
FS5	I can interpret basic financial statements (like profit and loss, balance sheet).					
FS6	I am confident in using digital financial tools and apps for managing my investments.					

*(Source: Author's Development)*

**Knowledge about Investment Products (KIP)**

Code	Statements	Ratings				
		5	4	3	2	1
KIP1	I am aware of different types of investment products available in the market.					
KIP2	I understand the risks and returns associated with various investment options.					
KIP3	I know the procedures for investing in mutual funds, stocks, or fixed deposits.					
KIP4	I understand how inflation affects investment returns.					
KIP5	I have knowledge about the legal and regulatory aspects of investments.					
KIP6	I stay updated about current investment					

	trends and opportunities.					
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*(Source: Author's Development)*

**Subjective Norms (SN)**

Code	Statements	Ratings				
		5	4	3	2	1
SN1	I consider suggestions from family members before making investment decisions.					
SN2	I am influenced by the investment behavior of other women entrepreneurs.					
SN3	I value financial advice given by my peers or mentors.					
SN4	I invest based on recommendations from trusted individuals in my network.					
SN5	My social circle encourages me to invest in productive financial instruments.					

*(Source: Author's Development)*

**Investment Decision (ID)**

Code	Statements	Ratings				
		5	4	3	2	1
ID1	I make investment decisions based on careful evaluation.					
ID2	I regularly invest in financial products to grow my income.					
ID3	I feel confident about the investments I make for my business.					
ID4	I diversify my investments to minimize financial risks.					
ID5	I have a clear investment goal aligned with my business growth.					

*(Source: Author's Development)*

**Thank you for your participation and for filling out the questionnaire!**

PAPER NAME

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AUTHOR

**Sita Bist**

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