

# Determinants of Financial Planning Intention and Investment Behaviour among Women Micro-Entrepreneurs: An Extension of the Theory of Planned Behaviour

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## Abstract

Women micro-entrepreneurs play a crucial role in strengthening local economies; however, the sustainability of their enterprises largely depends on effective financial planning. This study examines the determinants of Financial Planning Intention (FPI) among women micro-entrepreneurs by applying the Theory of Planned Behaviour (TPB). Specifically, it investigates the influence of Attitude towards Financial Planning (AFP), Perceived Behavioural Control (PBC), and Perceived Constraints (PC) on financial planning intention and its subsequent effect on investment behaviour. Using a quantitative research design, data were collected through a cross-sectional survey and analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM). The results reveal that both PBC and AFP exert a strong and statistically significant influence on FPI, whereas perceived constraints do not show a meaningful effect. These findings suggest that financial planning among women micro-entrepreneurs is driven more by internal capabilities, confidence, and awareness than by external barriers. The study extends TPB by highlighting the role of resilience and self-efficacy in entrepreneurial finance and offers practical insights for policymakers, financial institutions, and development agencies aiming to strengthen women's financial decision-making capacity.

**Keywords:** Financial Planning Intention; Women Micro-Entrepreneurs; Theory of Planned Behaviour; Perceived Behavioural Control; Investment Behaviour

## 1. Introduction

Women micro-entrepreneurs have emerged as vital contributors to grassroots economic development, particularly in developing economies such as India. Despite operating on a small scale, their enterprises generate employment, supplement household income, and support community-level development. The long-term sustainability of these ventures, however, depends largely on how effectively financial resources are planned and managed. Unlike larger firms, micro-entrepreneurs typically lack access to professional financial advisory services and sophisticated planning tools, making financial planning a predominantly self-driven activity.

Financial planning extends beyond routine budgeting or savings; it represents a strategic process involving goal setting, risk preparedness, investment evaluation, and long-term resource allocation. For women micro-entrepreneurs, financial planning is often constrained by limited financial literacy, restricted access

to formal banking and digital services, time pressures arising from household responsibilities, and socio-cultural expectations. These challenges can weaken financial planning intentions, resulting in unstructured decision-making and sub-optimal investment behaviour.

Understanding the behavioural factors that shape financial planning intention is therefore critical. The **Theory of Planned Behaviour (TPB)** offers a robust framework to examine such intentions by linking attitudes, perceived behavioural control, and constraints to decision-making. Although TPB has been widely applied in behavioural finance and entrepreneurship research, empirical evidence focusing on financial planning intention among women micro-entrepreneurs—particularly in emerging economies—remains limited. Existing studies largely emphasise access to credit or entrepreneurial outcomes, leaving a gap in understanding the behavioural formation of financial planning intention. This study addresses this gap by empirically examining the determinants of financial planning intention and its influence on investment behaviour among women micro-entrepreneurs.

## 2. Review of Literature

Financial literacy has consistently been identified as a critical determinant of women's entrepreneurial performance and investment behaviour. Studies have shown that financially literate women micro-entrepreneurs are more capable of optimising resources, managing risk, and improving business profitability (Tumba et al., 2022; Dangcil et al., 2024). Beyond technical knowledge, financial literacy also enhances confidence, independence, and strategic planning abilities (Srivastava, 2024).

From a behavioural finance perspective, financial literacy plays a key role in mitigating cognitive biases such as herd behaviour, overconfidence, and excessive risk aversion (Iram et al., 2023; Chattopadhyay & Roy, 2023). Empirical evidence suggests that women with higher financial understanding exhibit superior portfolio diversification and risk management practices (Padmaja & Rajakumar, 2023; Ramesh et al., 2024).

Financial inclusion further shapes women's financial behaviour. Access to banking services, credit facilities, digital payment systems, and advisory support has been found to enhance entrepreneurial capacity and empowerment (Rani & Natarajan, 2023; Mishra & Choudhury, 2025). Microfinance institutions and self-help groups play a pivotal role in improving women's access to credit and strengthening socio-economic conditions (Mukhopadhyay et al., 2018; Senapati et al., 2024).

Household and cultural contexts also influence financial decisions. Intra-household financial control, religious beliefs, and socio-cultural norms often restrict women's financial autonomy (Bernhardt et al., 2019; Rahim et al., 2020; Yasin et al., 2020). Psychological constructs such as financial self-efficacy and motivation have been found to be stronger predictors of financial behaviour than literacy alone (Asandimitra & Kaustar, 2017; Tambun et al., 2022).

Despite extensive literature on financial literacy and inclusion, limited empirical work integrates these dimensions within a behavioural intention framework to explain financial planning among women micro-entrepreneurs. This study addresses this gap by applying TPB to examine how attitude, behavioural control, and perceived constraints shape financial planning intention and subsequent investment behaviour.

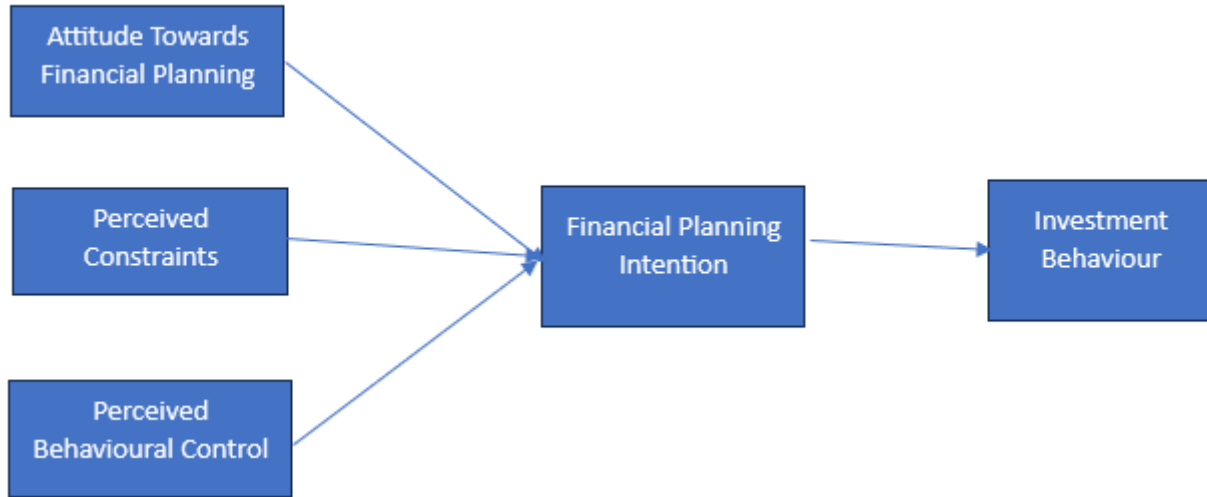
## 3. Hypotheses Development

Based on TPB and prior empirical evidence, the following hypotheses are proposed:

- H1: Attitude towards financial planning has a positive and significant effect on financial planning inte-

ntion.

- H2: Perceived constraints have a significant effect on financial planning intention.
- H3: Perceived behavioural control has a positive and significant effect on financial planning intention.
- H4: Financial planning intention has a positive and significant effect on investment behaviour.



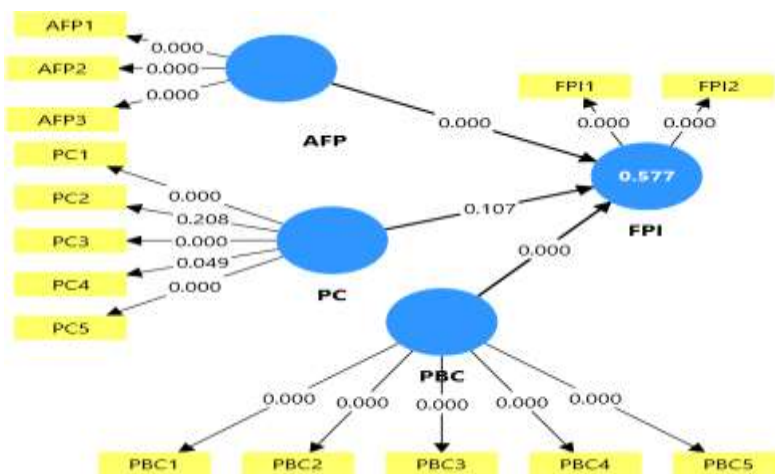
#### 4. Research Methodology

##### 4.1. Research Design

The study adopts a **quantitative, cross-sectional research design** to examine behavioural determinants of financial planning intention among women micro-entrepreneurs. A structured survey method was employed for data collection.

##### 4.2 Data Analysis Technique

**Partial Least Squares Structural Equation Modelling (PLS-SEM)** was used to assess both the measurement model (outer model) and the structural model (inner model). The constructs analysed include Attitude towards Financial Planning (AFP), Perceived Behavioural Control (PBC), Perceived Constraints (PC), Financial Planning Intention (FPI), and Investment Behaviour.



The above diagram represents the measurement model (outer model) and the structural model (inner model) used in the SEM analysis. It shows how different constructs, i.e., Attitude Towards Financial

Planning. (AFP), Perceived Constraints (PC), Perceived Behavioural Control (PBC), Financial Planning Intention (FPI), which in turn is related to Investment Behaviour.

### Summary of Structural Model Results

Construct /Path	Coefficient	T-Statistics	P-Value	Reliability	AVE	Decision
AFP- FPI	0.261	5.972	0.001	0.621	0.048	Accepted
PBC- FPI	0.557	12.973	0.001	0.758	0.026	Accepted
PC- FPI	0.094	1.614	0.107	0.781	0.019	Rejected

### 5. Results and Discussion

The findings reveal that Perceived Behavioural Control is the strongest predictor of Financial Planning Intention, indicating that confidence, self-efficacy, and perceived capability significantly motivate women micro-entrepreneurs to engage in financial planning. Attitude towards Financial Planning also shows a positive and statistically significant influence, highlighting the role of awareness and favourable beliefs in shaping intention.

Contrary to expectations, Perceived Constraints do not significantly influence financial planning intention. This suggests that women entrepreneurs may rely more on internal resilience, social networks, and personal agency than on external conditions when making financial decisions. These findings align with prior studies emphasising empowerment and self-efficacy as central to entrepreneurial behaviour.

### 6. Conclusion

The study concludes that financial planning intention among women micro-entrepreneurs is primarily driven by perceived behavioural control and attitude towards financial planning, rather than by perceived constraints. Strengthening internal capabilities—through financial literacy, confidence-building, and access to decision-support tools—appears more impactful than focusing solely on removing external barriers. These insights underscore the importance of behavioural empowerment in promoting sustainable women-led enterprises.

### 7. Practical Implications

- **Policy Interventions:** Government agencies and NGOs should design targeted financial literacy and digital capability programmes for women micro-entrepreneurs.
- **Microfinance Institutions:** Banks and MFIs should offer customised financial products coupled with advisory support.
- **Community-Level Support:** Self-help groups and cooperatives can promote peer mentoring and experiential learning.
- **Technology-Based Solutions:** User-friendly mobile applications in local languages can enhance planning confidence and behavioural control.

### 8. Theoretical Contribution

The study extends the Theory of Planned Behaviour by demonstrating that perceived constraints do not significantly shape financial planning intention in the context of women micro-entrepreneurs. Instead,

internal confidence and resilience emerge as dominant drivers, suggesting the need to incorporate resilience-based interpretations within behavioural finance models.

## 9. Limitations of the Study

- Limited generalisability due to sector-specific sampling
- Cross-sectional design restricts causal inference
- Self-reported data may introduce response bias

## 10. Future Research Directions

Future studies may:

- Employ longitudinal designs
- Examine the role of digital finance and UPI platforms
- Compare urban and rural entrepreneurial contexts
- Incorporate moderating variables such as education, family support, and credit access

### Future studies could:

1. Use a longitudinal design to track how financial planning intentions evolve as women gain more experience and exposure
2. Explore the role of digital financial tools, mobile banking, and UPI apps in strengthening behavioural control
3. Compare urban and rural women entrepreneurs to examine contextual differences in financial planning intention
4. Incorporate moderating variables such as education level, family support, or access to credit to provide a deeper understanding

### Ethical considerations

All participants were informed about the purpose of the research, and their consent was obtained before data collection. Anonymity and confidentiality were maintained to ensure privacy. The study adhered to academic integrity standards, ensuring voluntary participation and respect for respondents' time and perspectives.