DOI: 10.55643/fcaptp.2.61.2025.4686

FINANCIAL DECISION-MAKING POWER AND RISK-TAKING BEHAVIOUR IN INDIAN HOUSEHOLDS

Suresh Gopal
PhD in Economics, Associate Professor of the Symbiosis Institute of Business Management, (SIBM), Symbiosis International (Deemed University), Bengaluru, India;
ORCID: 0000-0002-0409-4599

Jothi Munuswamy
PhD in Economics, Associate Professor of the WOXSEN School of Business, WOXSEN University, Hyderabad, India;
e-mail: jothi.munuswamy@woxsen.edu.in
ORCID: 0000-0001-6483-976X
(Corresponding author)

Prakash M
PhD in Economics, Associate Professor of the Department of Commerce, Christ University, Bengaluru, India;
ORCID: 0000-0003-3931-0877

Received: 28/12/2024
Accepted: 15/04/2025
Published: 30/04/2025

ABSTRACT

This study aims to examine the impact of decision-making power on risk-taking behaviour in household economies in India. It further explores the relationship between decision-making power, perceived risk-taking behaviour, and actual risk-taking behaviour. Further, the study employs the primary data collected through a structured questionnaire. The snowball sampling method was adopted to gather data from 312 retail investors in the study area. The response rate for the sample size is 91.50%. An OLS regression model was constructed to measure the frequency of trading habits as a proxy for the respondents' risk-taking behaviour. The results indicate that decision-making power significantly impacts investors' risk-taking behaviour in Indian household economies. Additionally, decision-making power has a significant impact on perceived risk-taking behaviour. The findings of this study show how decision-making power influences the risk-taking behaviour of retail investors. This study adds value to the literature on behavioural finance and household economies. The results will pertinently support retail investors' decision-making skills in unbiased investment decision-making.

Keywords: household economies, personal finance, risk behaviour, decision making, financial literacy, investment decision, risk attitude, OLS Regression

JEL Classification: D10, D15, G41, G50

INTRODUCTION

Financial decision-making is a multifaceted, significant, and complex aspect of any financial system (Gomes et al., 2021; Bruggen et al., 2017). Institutional economics highlights that various regulations and social structures shape financial decisions at corporations, households, and other formal and informal institutions. At the household level, financial decisions are critical in determining family members' financial behaviour and well-being. Household financial decisions are an important factor that affects macroeconomic variables like household savings, borrowing and capital market participation. Literature has highlighted that effective household financial decisions result in enhanced financial resource allocation, which grows the financial system (Jappelli & Pagano, 1994). Household financial behaviour is influenced by various personal, behavioural, and social factors (Raut, 2020). The social learning theory (SLT) highlights that social influence, such as observing family members, friends, colleagues, and others, impacts one's financial attitude, behaviour, and decision-making process (Suresh, 2024; Goyal & Kumar, 2020; Suresh& Loang, 2024; Montinari & Rancan, 2018; Barber & Odean, 2001; Bertocchi et al., 2014).

However, while social learning impacts financial decisions, another important factor is the decision-making power within the household. While social learning sheds light on how individuals adopt financial behaviours through observation, decision-making power in the household determines who makes decisions. Particularly in patriarchal societies like India, decision-making powers often lie with the family's eldest male head or highest earner (Dhanaraj & Mahambare, 2019). However, the changing socio-economic conditions, such as women's empowerment (Pal et al., 2022), rising nuclear family structures (Malone et al., 2010) and rapid urbanisation, are reshaping the dynamics of financial decision-making power.

Further, studies indicate that decision-making and risk-taking behaviour vary according to societal norms (Hasler & Lusardi, 2017). A person with greater decision-making power in household matters tends to exhibit more risk-taking. In contrast, a person more responsible for household members' financial well-being tends to be more cautious. The literature predominantly explores these dynamics in Western cultures. These geographically limited studies constrain our understanding of how these factors might impact a patriarchal society like India. Few studies have concentrated on the impact of decision-making power on individuals' risk-taking behaviour while controlling for other factors. Moreover, there is a lack of research exploring how an individual's decision-making power affects the relationship between perceived risk appetite and actual risk-taking behaviour. Answering these questions is critical for understanding household financial decision-making in different cultural settings.

LITERATURE REVIEW

Research on understanding household financial decision-making has recently become more important for countries like India. Therefore, the present study adds value to the literature on household financial decision-making. The researchers have collected necessary primary data relating to household financial decision-making. Trading frequency was collected as a proxy for risk-taking behaviour (Barber & Odean, 2000), and family decision-making information was gathered (Weber et al., 2013). This study is novel in determining how financial decision-making power affects the relationship between risk appetite and actual risk-taking behaviour. In India, the patriarchal structure often gives the head of the family, typically men, more power to engage in financial decisions (Singh & Bhandari, 2012; Sharma& Kota, 2019), which can influence the overall financial behaviour of the family.

Many previous studies have documented that the gender of the financial decision-maker plays a significant role in risk-taking behaviour. Numerous studies have pointed out that men take higher risks than women when making financial decisions (Barber & Odean, 2001; Bertocchi et al., 2014; Kannadhasan, 2015). However, a study by Gustafson (1998) stated that society's gendered ideology and practices also impact risk perception and behaviour. In this educated world, women increasingly participate in the financial decision-making of households. A recent study highlighted that both husband and wife (men and women) make investment decisions and assess risk perception (Sharma & Kota, 2019). Further, a report by the Association of Mutual Funds in India (AMFI) highlighted that the share of women in mutual fund investments has significantly increased (21%) in recent years (Rukhaiyar, 2024). These points underscore the importance of revisiting gender theory concerning decision-making power, risk perception, and behaviour in financial contexts.

Married people generally have more responsibilities, economic constraints, and dependents than unmarried people; hence, they tend to be more risk-averse (Roszkowski et al., 1993). Some studies argue that household financial decision-making and management are undertaken mainly by males rather than females (Singh & Bhandari, 2012). However, urban households exhibit joint decision-making practices. Remarkably, unmarried males have a higher risk appetite than married males, followed by unmarried females and married females (Yao& Hanna, 2015). Further, in India, males dominate financial decisions in middle, lower, and rural households (Singh & Bhandari, 2012). With these observations, the question arises whether decision-making power within households has changed and whether factors like gender and marital status influence risk-taking behaviour.

Studies on financial decision-making power have primarily focused more on Western countries (Wagner & Walstad, 2023; Bertocchi, 2014; Vogler, 1998), with few studies concentrating on women's power in financial decision-making in Indian households. Schemes like Mahila Shakti Kendra, Pradhan Mantri Matru Vandana Yojana, Nari Shakti Puraskar, Mahila E-Haat, and Self-Help Groups have empowered and encouraged women to participate in household financial decision-making (Patel & Patel, 2021). However, the extent to which females have the power to make financial decisions remains understudied. This is relevant as unmarried investors generally have greater power in financial decision-making with minimal parental influence, while family often influences married investors. Understanding these dynamic relationships is crucial for analysing risk-taking behaviour in the Indian context.

AIMS AND OBJECTIVES

In a broader view, this study aims to examine the impact of decision-making power on risk-taking behaviour in household economies in India. However, the specific objective of this research is to explore the relationship between decision-making power, perceived risk-taking behaviour, and actual risk-taking behaviour.

METHODS

The study adopted a single cross-sectional survey method to collect data from retail investors in rural areas around Bengaluru. The survey instrument was adapted from Phung et al. (2021) and modified per input from field and academic experts. The questionnaire has four different sections. The first section is devoted to socio-economic information. The second part concerns financial decision-making power, and the third section concentrates on risk perception and investment preferences. Finally, the financial literacy of the respondents is discussed in section four. The questionnaire was pretested with a small sample of 37 respondents to ensure clarity and suitability. Based on feedback from experts and field investigators, the questionnaire was revised and used for data collection during October and November 2023. A total of 341 responses were collected using the snowball sampling method. After initial processing, 29 responses were excluded due to incompleteness or inattention, resulting in a final sample of 312 (91.5% response rate).

Variables

To determine how financial decision-making power affects perceived and actual risk-taking behaviour, this study uses seven control variables such as gender, age, marital status, educational qualification, investment experience, income, and investment amount. Additionally, data was collected on decision-making power within households, financial literacy, and the risk attitude of retail investors. Financial literacy and risk attitude were measured using 13 and 16 items, respectively, based on Phung et al. (2021). The dependent variable for the study is risk-taking behaviour measured by the frequency of trading as a proxy for the risk-taking behaviour of retail investors following Barber and Odean (2000). The participants could report their frequency trading on a six-point scale ranging from 'less than once a year' (coded as 1) to at least once daily (coded as 6). These indicate higher risk appetite, while infrequent trading indicates risk aversion. The primary independent variable of the study is decision-making power. The respondents were asked to mention who makes financial decisions in their family with three options:

- mostly myself;
- mostly joint decision (myself & wife);
- mostly elders in my family but not me.

The interaction terms values were calculated by multiplication of decision-making power and risk perception responses. Table 1 displays the description of the samples in terms of constructs like Financial decision-making power, trading frequency, income, experience in investment, gender, age, education, total investment value and financial literacy.

Table 1. Descriptive Statistics.

	Particulars	Code	Number of Respondents	%		Particulars	Code	Number of Respondents	%
1	**Financial Decision-making power with**				**5**	**Gender**			
	Mine	0	91	29.17		Female	0	154	49.36
	Myself & my wife	1	98	31.41		Male	1	158	50.64
	Elders in my family but not me	2	123	39.42	**6**	**Age**			
2	**Trading Frequency**					20-30 years	1	78	25.00
	less than once a year	1	72	23.08		31-40 years	2	118	37.82
	1 to 3 times per year	2	60	19.23		41 and above	3	116	37.18
	1 to 2 times per quarter	3	71	22.76	**7**	**Education**			
	1 to 3 times per month	4	58	18.59		school education	1	86	27.56
	1 to 6 times per week	5	32	10.25		Undergraduate	2	116	37.18
	Daily	6	19	6.07		Postgraduate	3	110	35.26
3	**Income**				**8**	**Total Investment value**			
	<10 lakhs	1	82	26.28		<5 Lakhs	1	80	25.64
	10-15 Lakhs	2	82	26.28		5-10 Lakhs	2	80	25.64
	5-20 Lakhs	3	70	22.44		10-15 Lakhs	3	80	25.64
	4= <20 Lakhs	4	78	25.00		>15 Lakhs	4	72	23.08
4	**Experience in Investment**				**9**	**Financial Literacy**			
	Up to 3 years	1	136	43.58		<= Eight	0	130	41.67
	3 to 6 years	2	82	26.28		> Eight	1	182	58.33
	above 6 years	3	94	30.13					

DOI: 10.55643/fcaptp.2.61.2025.4686

We employed Ordinary Least Squares (OLS) regression (Equation 1) and Ordered Logit regression (Equation 2) to analyse the data. As noted by many researchers, demographic factors influence the risk-taking behaviour of retail investors. Therefore, these demographic characteristics are included as control variables, with financial decision-making power as an independent variable to examine its impact on risk-taking behaviour. The OLS regression model treats trade frequency as a continuous variable, facilitating the determination of the linear relationship between financial decision-making power and the risk-taking behaviour of retail investors. Applying OLS regression makes it straightforward to understand the impact of decision-making power on trade frequency or risk-taking behaviour. However, trade frequency is an ordinal variable measured in a natural categorical order but not necessarily equidistant. Thus, we employed an ordered logit regression model to estimate the log odds of the trade frequency.

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9 + \in \quad (1)$$

where: Y – Risk-taking behaviour (Trade frequency treated as a continuous variable); X_1 – Financial decision-making power; X_2 – Gender (Coded: 0 female and one male); X_3 – Age; X_4 – Marital status (Coded: 0 single and one married); X_5 – Educational qualification; X_6 – Investment experience; X_7 – Household income; X_8 – Financial literacy; X_9 – Total investment amount; ϵ – Error term;

The interaction terms measured using

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_1 \, X \, x_2 + \in$$

where $x_1 \, X \, x_2$ Is the interaction term between decision-making power and risk perception; β_3 is the relationship between decision-making power and risk-taking changes with different risk perceptions.

$$\log\left(\frac{p(y \le j)}{p(y > j)}\right) = \theta_j - (\beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9) + \in \quad (2)$$

where $p(y \le j)$ – Probability that trade frequency is in category j or below; θ_j – Threshold for category j; $\beta 1, \beta 2 \ldots . \beta 9$ are the coefficients; $x1, x2 \ldots . x9$ are the independent variables and $\in$ is the error term.

Interaction terms measured under ordered logit regression as below

$$\log\left(\frac{p(y \le j)}{p(y > j)}\right) = \theta_j - (\beta_1 x_1 + \beta_2 x_2 + \beta_3 x_1 \, X \, x_2) + \in$$

Where $\beta_3 x_1 \, X \, x_2$ is the change in the log odds based on the interaction terms such as decision-making power and risk perception.

RESULTS

This study extends the literature by exploring the determinants of retail investors' risk-taking behaviour, specifically focusing on the influence of decision-making power in households. It provides a broader understanding of how social learning from family members, gender, and marital status influences subjective risk-taking and objective risk behaviour. This study's findings add value to the growing literature on behavioural finance and household economics by offering new insights into the role of household financial decision-making power in determining investment decisions.

The OLS regression results for risk-taking behaviour based on socio-economic characteristics are presented in Table 2. The coefficient for the impact of decision-making power on actual risk-taking behaviour is positive (β: 0.438) at 1% significance, while on perceived risk-taking behaviour is positive (β:0.076) but insignificant. This indicates that investors with decision-making power tend to take more risks than they perceive. This result remains significant even after accounting for socio-economic factors. Further, the insignificant impact on perceived risk-taking behaviour indicates the possible perception-reality gap. The perception-reality gap is a critical behavioural finance issue, where individuals often assess the risk subjectively (Kahneman & Tversky, 1979), which may not align with their risk-taking behaviour.

We used Phung et al.'s (2021) psychometric scale for perceived risk-taking. The total scores of respondents were converted into a categorical variable, which was used as the dependent variable in Panel B. The results for perceived risk-taking differ from those for actual risk-taking. Decision-making power is insignificant in determining perceived risk-taking (β:0.122, p > 0.05). The results reveal that educational qualification is a positive significant coefficient (β:0.261, p > 0.05),

which implies that educated investors are trading more frequently and taking calculated risks. At the same time, education does not significantly impact perceived risk-taking behaviour (β: -0.588, $p < 0.05$), which highlights that while making risky decisions, educated investors do not necessarily perceive themselves as risk-takers. The higher risk-taking behaviour leads to more frequent trading, leading to higher transaction costs and lower returns that adversely impact household financial conditions (Xu & Yao, 2022). It indicates that the investor's educational qualifications help them to understand the market and make riskier decisions than their perceived risk. It shows their overconfidence in their assessment ability. This overconfidence of household investors leads to overestimating their financial knowledge and underestimating their investment risk (Pikulina et al., 2017). This could lead to a half-cooked investment strategy, causing substantial financial losses. Further, investors with overconfidence might take higher leverage, as they are confident in investment return. A higher leveraged investment strategy increases the risk of higher debt and interest payments. If the market becomes unfavourable, this financial commitment can worsen households' financial condition and reduce savings (Anderloni et al., 2012). These findings align with earlier studies (Lusardi & Mitchell, 2014) that found that the educational qualification of investors helps to make improved financial decisions but does not reduce the cognitive biases in risk perception.

Further, model 4 in Table 2 reveals that age, marital status, investment amount and financial literacy significantly form the risk perception. This indicates that the family's well-being and financial responsibilities make investors more cautious about risk perception. Hence, they might choose safe investment options like savings, bank accounts, insurance, etc. These conservative investments mitigate financial risk, leading to lesser returns in the long term and slower wealth accumulation (Calvet et al., 2021). Further, the conservative investment strategy may affect the ability of the household to meet its long-term goal. These findings align with earlier studies that found that a married person with family responsibility and financial literacy perceives risk more accurately (Phung et al., 2022).

Table 2. Causes of Trade Frequency and Risk Attitude. Note: * - significant @ 1% level; ** - significant @ 5% level.

Variables	Panel A: Actual Risk-Taking		Panel B: Perceived Risk-Taking	
	Model (1)	Model (2)	Model (3)	Model (4)
X_1	0.438 (4.414)*	0.424 (4.117)*	0.076 (0.192)	0.122 (0.326)
X_2		0.135 (0.793)		0.271 (0.472)
X_3		-0.0623 (-0.671)		1.514 (4.111)*
X_4		0.024 (0.140)		1.320 (2.171)*
X_5		0.261 (2.327)**		-0.588 (-1.473)
X_6		-0.046 (-0.448)		-0.428 (-1.203)
X_7		-0.001 (-0.007)		-0.135 (-0.492)
X_8		0.051 (0.291)		-1.829 (-2.758)*
X_9		0.115 (1.520)		0.617 (2.211)**
β_0	2.087 (8.936)*	1.404 (0.014)**	30.011 (36.741)*	27.617 (13.856)*
Adj.R^2	0.055	0.057	0.030	0.103

We examined the interaction of decision-making power with the perception of risk-taking and actual risk-taking. The results are presented in Table 3. We developed five models; the first model included all the variables. We found that decision-making power is positive at the 5% level, and the interaction of power, risk perception, and education are significant determining factors.

DOI: 10.55643/fcaptp.2.61.2025.4686

Table 3. Decision-Making Power, Risk Perception, and Risk-Taking Behaviour. Note: * - significant @ 1% level; ** - significant @ 5% level

	(1) *All*	(2) Fem*ale*	(3) M*ale*	(4) *Single*	(5) *Married*
X_1	3.234 (1.950)**	2.755 (0.907)	2.709 (1.134)	0.409 (0.155)	5.849 (2.670)*
X_2	1.474 (1.288)	1.375 (0.795)	1.103 (0.616)	-0.425 (-0.229)	3.291 (2.256)**
X_1*X_2	-0.829 (-1.697)***	-0.644 (-0.715)	-0.713 (-1.014)	-0.045 (-0.057)	-1.563 (-2.431)**
X_3	0.138 (0.809)			0.097 (0.341)	0.187 (0.761)
X_4	-0.076 (-0.667)	-0.084 (-0.540)	-0.084 (-0462)	0.020 (0.100)	-0.111 (-0.748)
X_5	0.032 (0.185)	-0.009 (-0.036)	0.159 (0.586)		
X_6	0.278 (2.488)*	0.204 (1.324)	0.363 (2.026)**	0.302 (1.644)	0.296 (2.005)**
X_7	-0.041 (-0.399)	-0.115 (-0.831)	-0.003 (-0.017)	0.038 (1.644)	-0.041 (-0.301)
X_8	-0.003 (-0.036)	-0.116 (1.015)	0.103 (0.882)	-0.019 (-0.141)	-0.022 (-0.215)
X_9	0.068 (0.384)	0.161 (0.579)	0.047 (0.175)	-0.025 (-0.079)	0.087 (0.357)
X_{10}	0.119 (1.567)	0.139 (1.297)	0.114 (0.960)	0.192 (0.155)	0.077 (0.723)
β_0	-3.654 (-0.930)	-3.071 (-0.513)	-2.539 (-0.415)	2.599 (0.415)	-9.877 (-0.195)**
Adj.R^2	0.059	0.079	0.012	-0.012	0.090

The interaction between the decision-making power and risk perception leads to underestimating risk, affecting financial management strategies and leaving vulnerable financial conditions (Bertocchi et al., 2014). This result is consistent with Phung et al. (2021). As supported by the literature (Barber & Odean, 2000), the marital status of the investors plays a vital role, as the married investors show risk aversion than the unmarried investors. Further, this result significantly interacts with decision-making power and risk perception among married investors (β: -1.563, $p < 0.05$). The results suggest that investors are cautious about risk-taking due to household responsibilities. This implies that financial responsibilities rather than risk perceptions mainly trigger risk-taking behaviour. Since financial responsibility limits the respondents' ability to take risks, the investors might hesitate to actively participate in capital market activities, which limits their investment returns. These findings are consistent with the existing literature (Twumasi et al., 2019; Suresh, 2024). Further, risk perception, the interaction of decision-making power and risk perception, and education are significant factors in determining actual risk-taking behaviour. We included all control variables in the models and found the results are robust. Interestingly, gender, investment experience, income, and financial literacy do not significantly determine actual risk-taking behaviour. It indicates that personal attributes such as financial literacy and income level have a limited impact on risk-taking behaviour when the investors do not hold decision-making power. This result contradicts the traditional theories that assume these factors significantly influence the risk-taking behaviour of investors. From these contradicting results, we can conclude that household financial decision-making is purely based on the more structurally determined who holds decision-making power but not individually determined, like gender, income, and experience. Further, this result highlights that gender is no longer a constraint to making financial decisions freely. This has a significant implication in financial economics, as more female participation improves the households' portfolios and market efficiency, as stated by Atkinson et al. (2003). Further, women's participation in household financial decision-making improves risk management and can ensure a household's financial stability.

DISCUSSION

The findings of this research work indicate that the decision-making power statistically influences objective risk-taking but not subjective risk-taking behaviour. It suggests that people with decision-making power, particularly financial authority, risk more than they perceive. This highlights the perception-reality gap in economic decisions, showing that the investors show overconfidence bias and illusion of control (Kumar & Prince, 2023; Jain et al., 2023). Investors with financial authority in the family may think they are effectively managing the risk and controlling their economic decisions. However, they are taking more risks than they perceived, reiterating the findings of Kahneman and Tversky (1975) in their seminal work on prospect theory. The prospect theory states that investors often fail to evaluate their risk objectively, which leads to misalignment between perceived and actual risk-taking behaviour. Further, the marital status of investors is causing a

higher perception-reality gap, as the interaction term between decision-making power and risk perception β value is -1.563 with a p-value of < 0.05. This suggests that as the decision-making power increases, risk perception becomes insignificant in predicting actual risk-taking behaviour. The findings highlight that decision-making power is a major factor in married retail investors' objective risk-taking behaviour, likely due to increased family responsibilities that encourage risk aversion. This finding supports the association between marital status and risk-taking behaviour, as discussed by Gustafson (1998). Further, as found in another study (Phung et al.,2021), the interaction of decision-making power and subjective risk-taking is negatively associated with the objective risk-taking behaviour of investors.

Notably, gender-based decision-making power did not significantly determine the risk-taking behaviour of household investors, likely due to the authority of investors in the household financial decision-making process, as pointed out by Sharma et al. (2019). This could be because women were participating in household financial decision-making and their financial socialisation. These findings contradict the traditional theories arguing that gender is a critical factor in risk-taking behaviour. The decision-making power, but not gender, strongly shapes investors' risk-taking behaviour. The findings reiterate that rational financial decision-making is not always objective and is influenced by subjective factors. As highlighted in the literature (Suresh, 2024), financial literacy plays a dynamic role in rational decision-making. The existing financial literacy knowledge is important in the financial decision-making process. Following the studies by Barber and Odean (2001) and Gustafson (1998), future research should consider household power dynamics and the impact of patriarchal structure on household financial conditions. The findings highlight the implications for the financial system. Equity in household financial decision-making can lead to improved capital market participation, which improves market liquidity. Joint decision-making in a household improves efficient resource allocations at the macro level, ultimately helping the economy grow, as Elson (2009) stated.

CONCLUSIONS

The study examined the determining factors of the risk-taking behaviour of Indian investors using a sample of 312 participants. India's traditionally patriarchal societal structure influences the decision-making power of investors, which shapes the household's financial decisions. Understanding the role of decision-making power and its interaction with risk perception is crucial for understanding actual risk-taking behaviour and its financial consequences. We found that decision-making power affects actual risk-taking behaviour but not risk perception. The reality-perception gap might lead to an underestimation of investment risk and financial vulnerability of the households. From the financial economics point of view, this gap disturbs portfolio management and results in poor asset allocation and wealth accumulation for the family. Additionally, married investors are more risk-averse than single investors due to financial responsibility and commitments. These may limit the household's participation in the capital market operations. This study adds significant value to the household economics and behavioural finance literature. Beyond household economics, decision-making power directly impacts the behaviour of the financial market. Identified perception-reality gap that leads to improper investment strategy impacts households and broader financial system stability.

While this study adds value to the literature on household economics, the limitations of this study opened the way for further study. There is a scope to examine how household decision-making power affects the financial outcomes of the family. For instance, the study can explore the impact of decision-making power on household asset allocation, savings behaviour and portfolio diversification. Though this study considered gender a controlling variable to determine risk-taking behaviour, further study can explore how decision-making power evolved in this dynamic society. While marital status is considered a controlling variable, the length of the relationship between spouses may determine the decision-making power and, thereby, risk-taking behaviour. Hence, a detailed investigation of how credit behaviour and risk management are shaped by gender and spouse relationship length. Further, future studies can concentrate on how the decision-making power in a household shapes financial conditions, such as savings, investment returns, and wealth accumulation, using the longitudinal method for a better understanding. The occupation, investment expertise and family structure (Joint vs. nuclear) may determine the shape of decision-making power and risk-taking behaviour of households. Hence, examining these aspects in future studies may provide a more nuanced clarity of household economics. Further, a study can concentrate on how the dynamics of decision-making power impact capital market participation.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

DOI: 10.55643/fcaptp.2.61.2025.4686

FUNDING

The Authors received no funding for this research.

CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

REFERENCES

1. Atkinson, S. M., Baird, S. B., & Frye, M. B. (2003). Do female mutual fund managers manage differently? *Journal of Financial Research*, *26*(1), 1–18. https://doi.org/10.1111/1475-6803.00041
2. Anderloni, L., Bacchiocchi, E., & Vandone, D. (2012). Household financial vulnerability: An empirical analysis. *Research in Economics*, *66*(3), 284-296. https://doi.org/10.1016/j.rie.2012.03.001
3. Anvari-Clark, J., & Ansong, D. (2022). Predicting Financial Well-Being Using the Financial Capability Perspective: The Roles of Financial Shocks, Income Volatility, Financial Products, and Savings Behaviors. *Journal of Family Economics Issues, 43,* 730–743. https://doi.org/10.1007/s10834-022-09849-w
4. Barber, B.M., & Odean, T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. *The Quarterly Journal of Economics, 116(1), 261–292.* https://doi.org/10.1162/003355301556400
5. Barber, B.M., & Odean, T. (2000). Trading is hazardous to your wealth: The common stock investment performance of individual investors. *J. Finance, 55*(2), 773–806. https://doi.org/10.1111/0022-1082.00226
6. Bertocchi, G., Brunetti, M., & Torricelli, C. (2014). Who holds the purse strings within the household? The determinants of intra-family decision making. *Journal of Economic Behavior & Organization, 101,* 65-86. https://doi.org/10.1016/j.jebo.2014.02.012
7. Brüggen, E. C., Hogreve, J., Holmlund, M., Kabadayi, S., & Löfgren, M. (2017). Financial well-being: A conceptualisation and research agenda. *Journal of business research, 79,* 228-237. https://doi.org/10.1016/j.jbusres.2017.03.013
8. Calvet, L. E., Campbell, J. Y., Gomes, F., & Sodini, P. (2021). *The cross-section of household preferences* (No. w28788). National Bureau of Economic Research. https://www.nber.org/system/files/working_papers/w28788/w28788.pdf
9. Dhanaraj, S., & Mahambare, V. (2019). Family structure, education and women's employment in rural India. *World Development, 115,* 17-29. https://doi.org/10.1016/j.worlddev.2018.11.004
10. Elson, D. (2009). Gender equality and economic growth in the World Bank World Development Report 2006. *Feminist Economics*, *15*(3), 35–59. https://doi.org/10.1080/13545700902964303
11. Eriksen, K.W., Kvaløy, O., & Luzuriaga, M. (2020). Risk-taking on behalf of others. *Journal of Behavioral and Experimental Finance, 26,* 100283. https://doi.org/10.1016/j.jbef.2020.100283
12. Gomes, F., Haliassos, M., & Ramadorai, T. (2021). Household Finance. *Journal of Economic Literature, 5*(3), 919–1000. https://doi.org/10.1257/jel.20201461
13. Goyal, K., & Kumar, S. (2020). Financial literacy: A Systematic Review and Bibliometric Analysis. *International Journal of Consumer Studies, 45*(1). https://doi.org/10.1111/ijcs.12605
14. Gustafson, P.E. (1998). Gender differences in risk perception: Theoretical and methodological perspectives. *Risk Analysis, 18*(6), 805–811. https://doi.org/10.1023/b:rian.0000005926.03250.c0
15. Hasler, A., & Lusardi, A. (2017). The gender gap in financial literacy: A global perspective. Global Financial Literacy Excellence Center, The George Washington University School of Business, 2-16. https://gflec.org/wp-content/uploads/2017/07/The-Gender-Gap-in-Financial-Literacy-A-Global-Perspective-Report.pdf
16. Jain, R., Sharma, D., Behl, A., & Tiwari, A. K. (2023). Investor personality as a predictor of investment intention–the mediating role of overconfidence bias and financial literacy. *International Journal of Emerging Markets, 18*(12), 5680-5706. https://doi.org/10.1108/IJOEM-12-2021-1885
17. Jappelli, T., & Pagano, M. (1994). Saving, growth, and liquidity constraints. *The Quarterly Journal of Economics*, *109*(1), 83-109. https://doi.org/10.2307/2118429
18. Kahneman, D., & Tversky, A. (1972). Subjective probability: A judgment of representativeness. *Cognitive psychology, 3*(3), 430-454. https://doi.org/10.1016/0010-0285(72)90016-3
19. Kannadhasan, M. (2015). Retail investors' financial risk tolerance and their risk-taking behavior: The role of demographics as differentiating and classifying factors. *IIMB Management Review, 27*(3), 175–184. https://doi.org/10.1016/j.iimb.2015.06.004
20. Kumar, J., & Prince, N. (2023). Overconfidence Bias in Investment Decisions: A Systematic Mapping of Literature and Future Research Topics. *FIIB Business Review, 0*(0). https://doi.org/10.1177/23197145231174344
21. Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *American Economic Journal: Journal of Economic Literature, 52*(1), 5-44. https://doi.org/10.1257/jel.52.1.5
22. Malone, K., Stewart, S. D., Wilson, J., & Korsching, P. F. (2010). Perceptions of financial well-being among American

women in diverse families. *Journal of Family and Economic Issues, 31*, 63–81. https://doi.org/10.1007/s10834-009-9176-5

23. Montinari, N., & Rancan, M. (2018). Risk-taking on behalf of others: The role of social distance. *J Risk Uncertain, 57,* 81–109. https://doi.org/10.1007/s11166-018-9286-2
24. Pal, M., Gupta, H., & Joshi, Y. C. (2022). Social and economic empowerment of women through financial inclusion: empirical evidence from India. *Equality, Diversity and Inclusion: An International Journal, 41*(2), 294–305. https://doi.org/10.1108/EDI-04-2021-0113
25. Patel, R., & Patel, N. (2021). Does microfinance empower women from economic, social, and political perspectives? Empirical evidence from rural Gujarat. *Prabandhan: Indian Journal of Management, 14*(3), 32–48. http://dx.doi.org/10.17010/pijom/2021/v14i3/158154
26. Trang, M.T., Phung, Quoc, N., Tran, Nhut H., Nguyen, & Tho H., Nguyen (2021). Financial decision-making power and risk-taking. *Economics Letters, 206,* 109999. https://doi.org/10.1016/j.econlet.2021.109999
27. Phung, T. M. T., Hsu, W. H., Naylor, M. J., & Young, M. R. (2022). Perceived risk and debt behaviour in the stock market: A survey of investors in Vietnam. *Cogent Economics & Finance, 10*(1). https://doi.org/10.1080/23322039.2022.2111811
28. Pikulina, E., Renneboog, L., & Tobler, P. N. (2017). Overconfidence and investment: An experimental approach. *Journal of Corporate Finance, 43*, 175-192. https://doi.org/10.1016/j.jcorpfin.2017.01.002
29. Raut, R.K. (2020). Past behaviour, financial literacy and investment decision-making process of individual investors. *International Journal of Emerging Markets, 15*(6), 1243–1263. https://doi.org/10.1108/IJOEM-07-2018-0379
30. Roszkowski, M.J., Snelbecker, G.E., & Leimberg, S.R. (1993). Risk tolerance and risk aversion. *The tools and techniques of financial planning, 4,* 213-225. https://www.researchgate.net/publication/311369035_Risk_tolerance_and_risk_aversion
31. Rukhaiyar, A. (2024). 12th March Share of women in MF AUM rises from 15.2% in 2017 to 20.9% in 2023. *Business today.* https://www.businesstoday.in/mutual-funds/story/share-of-women-in-mf-aum-rises-from-152-in-2017-to-209-in-2023-421043-2024-03-12
32. Scarlata, M., Alemany, L., & Zacharakis, A. (2021). A Gendered View of Risk Taking in Venture Philanthropy. *Journal of Social Entrepreneurship,15*(1), 100–118. https://doi.org/10.1080/19420676.2021.1924840
33. Sharma, M., & Kota, H. B. (2019). The Role of Working Women in Investment Decision Making in the Family in India. *Australasian Accounting, Business and Finance Journal, 13*(3), 91-110. https://doi.org/10.14453/aabfj.v13i3.6
34. Singh, S., & Bhandari, M. (2012). Money Management and Control in the Indian Joint Family across Generations. *The Sociological Review, 60*(1), 46-67. https://doi.org/10.1111/j.1467-954X.2011.02047.x
35. Agnew, S., & Harrison, N. (2017). The Role of Gender, Cognitive Attributes, and Personality on Willingness to Take Risks. *Business and Economic Research, Macrothink Institute, 7*(1), 1–16. http://dx.doi.org/10.5296/ber.v7i1.10371
36. Suresh, G., & Loang, O.K. (2024). The Rationality Conundrum: Exploring Herd Mentality among Individual Investors in the Indian Stock Market. *Indian Journal of Finance, 18*(6), 26-45. https://doi.org/10.17010/ijf/2024/v18i6/173967
37. Suresh, G. (2024). Impact of Financial Literacy and Behavioural Biases on Investment Decision-making. *FIIB Business Review, 13*(1), 72–86. https://doi.org/10.1177/23197145211035481
38. Twumasi Baffour, P., Mohammed, I., & Abdul Rahaman, W. (2019). Personality and gender differences in revealed risk preference: evidence from Ghana. *International Journal of Social Economics, 46*(5), 631–647. https://doi.org/10.1108/IJSE-07-2018-0346
39. Vogler, C. (1998). Money in the Household: Some Underlying Issues of Power. *The Sociological Review, 46*(4), 687–713. https://doi.org/10.1111/1467-954X.00136
40. Wagner, J., & Walstad, W. B. (2023). Gender Differences in Financial Decision-Making and Behaviors in Single and Joint Households. *The American Economist, 68*(1), 5-23. https://doi.org/10.1177/05694345221076004
41. Yao, R., & Hanna, S.D. (2005). The effect of gender and marital status on financial risk tolerance. *Journal of Personal Finance, 4*(1), 66–85. https://www.proquest.com/openview/dbc5dff18abd378f6cde3badd5f9ccf4/1?pq-origsite=gscholar&cbl=28869
42. Xu, Y., & Yao, R. (2022). Financial decision-making responsibility and household wealth accumulation among older adults: a comparative advantage perspective. *Journal of Financial Counseling and Planning, 33*(1). http://doi.org/10.1891/JFCP-19-00075

Гопал С., Мунусвамі Д., Пракаш М.

ПОВНОВАЖЕННЯ ЩОДО УХВАЛЕННЯ ФІНАНСОВИХ РІШЕНЬ І РИЗИКОВАНА ПОВЕДІНКА ІНДІЙСЬКИХ ДОМОГОСПОДАРСТВ

Це дослідження має на меті вивчити вплив повноважень щодо ухвалення рішень на ризиковану поведінку в економіці домогосподарств Індії. Крім того, досліджується взаємозв'язок між повноваженнями щодо ухвалення рішень, прийнятною ризикованою поведінкою та фактичною поведінкою, пов'язаною з прийняттям ризику. Крім того, у

DOI: 10.55643/fcaptp.2.61.2025.4686

дослідженні використані первинні дані, зібрані за допомогою структурованого опитувальника. Метод вибірки «снігової кулі» був застосований для збирання даних від 312 роздрібних інвесторів у досліджуваній царині. Коефіцієнт зворотного зв'язку для розміру вибірки становить 91,50%. Регресійна модель OLS була побудована для вимірювання частоти торгових звичок як показника ризикованої поведінки респондентів. Результати вказують на те, що право ухвалення рішень суттєво впливає на ризиковану поведінку інвесторів в економіках індійських домогосподарств. Крім того, повноваження щодо ухвалення рішень мають значний вплив на сприйняття ризикованої поведінки.

Отримані результати підкреслюють важливість теорії соціального навчання (SLT) в гендерній теорії, показуючи, як право ухвалення рішень впливає на ризиковану поведінку роздрібних інвесторів. Це дослідження додає цінності існуючій літературі з поведінкових фінансів та економіки домогосподарств. Отримані результати сприятимуть формуванню навичок ухвалення рішень роздрібними інвесторами щодо неупередженого ухвалення інвестиційних рішень.

Ключові слова: економіка домогосподарств, особисті фінанси, ризикована поведінка, ухвалення рішень, фінансова грамотність, інвестиційне рішення, ставлення до ризику, регресія МНК

JEL Класифікація: D10, D15, G41, G50