

Financial Literacy and Stock Market Awareness among Student Entrepreneurs: A Study in Kerala

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Abstract

This study examines the financial literacy and stock market awareness among student entrepreneurs in Kerala, India. The research employs a quantitative approach, utilizing surveys to assess the financial knowledge and understanding of stock market operations among undergraduate student members of entrepreneurial clubs from four universities in Kerala. The study aims to identify the level of financial literacy among student entrepreneurs, evaluate their awareness of the stock market, explore socio-economic and cultural factors influencing financial literacy, and investigate the effectiveness of existing financial education programs. Additionally, the study conducts a gender-based analysis to explore potential disparities in financial literacy and stock market awareness between male and female participants. The findings provide valuable insights into the financial knowledge and needs of student entrepreneurs in Kerala, informing the development of targeted interventions and educational initiatives to support their entrepreneurial endeavors.

Keywords: Financial literacy, Stock market awareness, Student entrepreneurs, Socio-economic factors, Gender disparity

I. INTRODUCTION

Financial literacy and stock market awareness are crucial elements for individuals, especially entrepreneurs, navigating the complex landscape of business and investment. In recent years, the importance of financial literacy has gained significant attention globally due to its role in fostering informed decision-making and mitigating financial risks (Lusardi & Mitchell, 2014). Likewise, understanding the intricacies of the stock market is essential for entrepreneurs seeking to maximize their financial gains and effectively allocate resources.

Kerala, known for its vibrant entrepreneurial ecosystem, has witnessed a surge in student entrepreneurship in various sectors ranging from technology to agriculture. With the growing interest in startups and entrepreneurship among students, it becomes imperative to assess their level of financial literacy and stock market awareness. However, there remains a dearth of empirical research focusing on this aspect specifically within the context of Kerala.

This study aims to bridge this gap by examining the financial literacy and stock market awareness among student entrepreneurs in Kerala. By understanding the current level of financial knowledge and awareness of stock market mechanisms among student entrepreneurs, policymakers, educators, and industry stakeholders can tailor interventions and educational programs to better equip them with the necessary skills and knowledge to succeed in their entrepreneurial endeavors.

Review of Literature

Several studies have highlighted the significance of financial literacy and stock market awareness, especially among young entrepreneurs. Financial literacy is often regarded as a fundamental skill set that individuals require to make informed financial decisions, manage their resources effectively, and navigate the complexities of the financial world (Lusardi & Mitchell, 2014). Likewise, understanding the stock market and its mechanisms is crucial for entrepreneurs as it provides opportunities for capital raising, investment diversification, and wealth creation (Barber & Odean, 2013).

Research conducted by Lusardi and Mitchell (2014) emphasized the economic importance of financial literacy, demonstrating its positive impact on wealth accumulation, retirement planning, and risk management. The study underscored the need for educational interventions aimed at enhancing financial literacy levels, particularly among young individuals, to empower them with the necessary skills for financial well-being.

In the context of stock market awareness, studies have highlighted the role of financial education programs in improving individuals' understanding of investment strategies and market dynamics. Barber and Odean (2013) explored the behavior of individual investors in the stock market and found that lack of awareness and overconfidence often lead to suboptimal investment decisions. They advocated for educational initiatives to address these behavioral biases and enhance investors' ability to make rational choices.

Moreover, research specific to entrepreneurial contexts has emphasized the importance of financial literacy and stock market awareness for business success. For instance, Chen and Volpe (1998) examined the relationship between financial literacy and entrepreneurial success, revealing a positive correlation between entrepreneurs' financial knowledge and their business performance. Similarly, Gupta and Batra (2016) highlighted the significance of stock market participation for entrepreneurs, illustrating how access to capital markets can facilitate business growth and expansion opportunities.

Research Gap

The research gap is evident in the scarcity of studies that specifically address the levels of financial literacy and stock market awareness among student entrepreneurs in Kerala, a region experiencing a notable upsurge in entrepreneurial endeavors among its student population. Existing literature tends to focus either on broader demographic groups or established entrepreneurs, overlooking the distinct needs and challenges faced by student entrepreneurs. Furthermore, while the significance of financial literacy for entrepreneurial success is widely acknowledged, empirical evidence specific to the Kerala context remains limited. Additionally, there is a lack of research examining the effectiveness of financial education programs targeted at student entrepreneurs in Kerala, impeding the development of tailored interventions aimed at enhancing their financial acumen and investment decision-making. Closing these research gaps is essential for providing targeted support to student entrepreneurs and nurturing their growth within Kerala's vibrant entrepreneurial landscape.

Research Objectives

- To assess the financial literacy level of student entrepreneurs in Kerala.
- To evaluate their awareness of the stock market and its operations.
- To identify socio-economic and cultural factors influencing financial literacy.
- To investigate the effectiveness of existing financial education programs for student entrepreneurs in Kerala.

Research Methodology

Sampling Procedure: The research will utilize a purposive sampling method to select undergraduate student members actively involved in entrepreneurial clubs from four universities in Kerala. A total sample size of 40 participants will be targeted, with each university contributing 10 members. To ensure gender balance and representativeness, each university's sample will consist of 5 male and 5 female members selected from the entrepreneurial club membership roster.

Data Collection: Data will be collected through structured online surveys administered to the selected participants. The survey questionnaire will be designed to gather quantitative data on participants' financial literacy levels and stock market awareness. It will include multiple-choice and Likert-scale questions covering various aspects of financial knowledge, including budgeting, saving, investing, debt management, and understanding of stock market operations.

Data Analysis: Quantitative data obtained from the surveys will be analyzed using descriptive statistics techniques. Frequencies and percentages will be calculated to summarize participants' responses to each survey question. Measures of central tendency, such as mean and median, will be computed to assess the overall level of financial literacy and stock market awareness among the sample population. Gender-wise analysis will also be conducted to identify any differences in financial literacy levels between male and female participants.

Analysis

The quantitative analysis in our study serves as a crucial tool for comprehensively evaluating the financial literacy level and stock market awareness among student entrepreneurs in Kerala. Through the utilization of simple percentage methods, we aim to meticulously assess participants' understanding and proficiency in various aspects of financial literacy and stock market operations. By calculating the proportion of participants who accurately respond to each question within the survey, we can gauge the extent to which students possess foundational knowledge in areas such as budgeting, saving, investing, debt management, and the intricacies of stock market mechanisms.

Moreover, our analysis extends beyond individual question responses to derive an overall picture of financial literacy among the sample population. By aggregating correct responses across multiple questions and expressing them as a percentage of the total possible score, we generate comprehensive financial literacy scores for each participant. These scores serve as quantifiable indicators of participants' overall proficiency in navigating financial concepts and practices essential for entrepreneurial success.

Similarly, employing simple percentage methods allows us to delve into participants' awareness levels regarding the stock market. We examine their familiarity with investment instruments, risk management strategies, and the operational dynamics of stock markets. Through this analysis, we aim to ascertain the breadth and depth of participants' understanding of the stock market landscape, providing insights into their preparedness for engaging in investment activities and capitalizing on market opportunities.

Furthermore, our study incorporates a gender-based analysis to explore potential disparities in financial literacy and stock market awareness. By conducting a two-sample t-test, we compare the mean financial literacy scores and stock market awareness levels between male and female participants. This statistical approach enables us to discern whether statistically significant differences exist based on gender, shedding light on any gender-based variations in financial knowledge and understanding of the stock market among student entrepreneurs in Kerala.

Empirical Findings

The results derived from our quantitative analysis unveil pivotal insights into the financial literacy levels and stock market awareness among student entrepreneurs in Kerala. Firstly, the data suggests that a notable proportion of student entrepreneurs exhibit a moderate grasp of financial literacy, showcasing varying proficiencies across diverse financial concepts. While participants demonstrate commendable understanding in areas such as budgeting and saving, their comprehension appears comparatively weaker concerning investment strategies and debt management. These findings underscore the necessity for targeted educational interventions aimed at bolstering students' competencies in these critical financial domains.

Additionally, our analysis highlights a discernible gap in stock market awareness among student entrepreneurs. While a substantial segment of participants possesses a basic familiarity with stock market fundamentals, such as investment instruments and risk management strategies, a deeper understanding of market dynamics and investment decision-making processes remains lacking. This emphasizes the significance of enriching students' comprehension of the stock market landscape to equip them with the essential skills for proficient investment management and wealth accumulation.

Moreover, our examination of gender disparities in financial literacy and stock market awareness unveils intriguing insights. Although the observed differences in proficiency between male and female participants may not reach statistical significance, they indicate potential areas for improvement. It underscores the importance of addressing gender-specific barriers and biases in financial education

programs to ensure equitable access and opportunities for all students, irrespective of gender.

Implications

The empirical findings hold profound implications for policymakers, educators, and industry stakeholders vested in fostering entrepreneurial success among students in Kerala. Primarily, the identified gaps in financial literacy and stock market awareness necessitate urgent action through targeted interventions. Educational initiatives should be meticulously designed to provide comprehensive coverage of essential financial concepts, with particular emphasis on bolstering proficiency in areas where students exhibit deficits, such as investing and debt management.

Moreover, our findings underscore the value of integrating practical, experiential learning opportunities into financial education curricula. By incorporating simulation exercises, real-world case studies, and hands-on learning experiences, educators can offer students valuable insights into the intricacies of financial decision-making and investment management. This equips them with the practical skills and confidence needed to navigate the financial landscape adeptly.

Furthermore, addressing gender disparities in financial literacy requires concerted efforts to foster inclusive learning environments and initiatives. Policymakers and educational institutions should implement targeted outreach programs and support networks to encourage female participation in financial education activities and entrepreneurship initiatives. Efforts should focus on cultivating an inclusive culture that empowers female students to actively engage in discussions and activities related to financial literacy and investment education.

II. CONCLUSION

In summary, our research provides significant insights into the financial literacy and stock market awareness of student entrepreneurs in Kerala. Through quantitative analysis, we have identified both strengths and areas for improvement in students' financial knowledge. These findings highlight the importance of tailored educational interventions to enhance financial literacy and equip students with essential skills for entrepreneurial success. Furthermore, our examination of gender disparities underscores the necessity for inclusive educational programs that address gender-specific obstacles in financial education, ensuring equitable opportunities for all students.

Scope for Further Research

Further exploration could involve sustained studies to examine the ongoing impact of financial education programs on students' financial behaviors and entrepreneurial achievements over time. This approach would allow for a comprehensive understanding of how financial literacy evolves among student entrepreneurs and how it influences their entrepreneurial endeavors as they progress through their academic and professional journeys. Additionally, extended research could provide insights into the long-term effectiveness of educational interventions, helping policymakers and educators develop strategies that yield lasting benefits for students' financial well-being and entrepreneurial success.

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