

# The Determinants of Individual Investment Decisions: A Qualitative Inquiry

M A S H Sugathapala  
Samantha Rathnayake

## Abstract

This study explores how the personal investment strategies of executives working in two leading manufacturing companies in Sri Lanka have been formed by financial literacy. The interpretivist study approach was deployed as the research philosophy in this qualitative research design. The concepts of financial attitudes, social norms, and perceived behavioral controls were theoretically underpinned by the Theory of Planned Behavior and the Prospect Theory focused on areas such as financial knowledge, and the role of risk tolerance based on empirical evidence. The primary data for the study was collected from respondents by carrying out twenty, in-depth, one-on-one interviews in the two selected companies, and thematic analysis was employed to derive the qualitative results. The results revealed that an individual's behavior related to investment decisions is inter-personal and that risk tolerance mediates the relationship between financial literacy and investment decisions. Furthermore, the responses that were weighted to one side implied that the level of individuals' financial literacy controls their desires to expand their investment strategies. The findings of this study can be utilized by government policymakers, financial institutions, and banks in Sri Lanka to review, re-structure, and follow up on the existing policies, procedures, and manuals for investment decentralization in order to maintain a diversified investment portfolio in Sri Lanka. The study hereby invites future researchers to conduct quantitative studies to validate the findings of this qualitative research and examine the relationships between financial literacy, risk tolerance, and investment decision-making among executives in manufacturing companies in Sri Lanka. However, it is important to note here that this qualitative research is limited by its context-specific findings and potential biases arising from self-reported data.

**Keywords:** Financial literacy, Investment decisions,

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**Ms. M A S H Sugathapala** is an ERP Consultant at the Perfect Business Solutions (Pvt) Ltd, Sri Lanka. E-mail: sachinihansamali01@gmail.com

**Dr. Samantha Rathnayake** is a Senior Management Consultant/Faculty Member at the Postgraduate Institute of Management, University of Sri Jayewardenepura. E-mail: samantha@pim.sjp.ac.lk

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