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Investment Wisdoms Across Eras: Shivaji Maharaj's Strategic Approaches Versus Markowitz Model – A Study on Retail Investor's Perception & Awareness

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Abstract:

The paper attempts to study Investment wisdoms across Eras: Shivaji Maharaj's Strategic Approaches versus Markowitz Model by studying the perception and awareness among Retail Investors about the same. Further, an Integrative Investment Model has been proposed combining the strategic approaches of Chhatrapati Shivaji Maharaj and Markowitz's Model, guiding retail investors in formulating Investment Strategies as per their income, expenditure and debt profiles.

Keywords: Shivaji Maharaj's Strategic Approaches; Markowitz Model (Modern Portfolio Theory); Retail Investment Strategies; Portfolio Diversification

1. Introduction

Chhatrapati Shivaji Maharaj, an Indian ruler who established a strong network of forts, demonstrated the importance of courage, thoughtful planning and visionary leadership. These principles hold value not only in history but also in contemporary fields such as Management, Economics and Investments and may be useful to today's investors in their Investment Planning.

One of the most significant theories used by retail investors is Markowitz Portfolio Theory, also known as Modern Portfolio Theory (MPT). The Markowitz Model, introduced by Harry Markowitz in 1952, is a financial framework that helps investors in optimizing returns with mathematically calculated risk. This theory established the foundation for Modern Portfolio Management and remains a guiding framework for building rational, balanced, and risk-adjusted investment portfolios.

Investments means growing one's money by shifting one's savings into avenues like stocks, mutual funds, real estate or other assets over a period of time. It carries a certain level of risk depending upon the nature of the investments. Retail Investors invest based on their capacity to bear the risks involved while pursuing their long-term financial goals. The decisions that investors make while investing their savings are called Investment Strategies.[1]

Investors have varied financial goals, risk tolerance and availability of funds. Hence an investor follows an investment strategy that matches their preferences and objectives. Investments are not just about profits but also about selecting an appropriate Investment Avenue. A systematic investment approach emphasizing financial security, discipline and long-term stability becomes a key step in managing investments and creating wealth.

Modern investment strategies followed by investors include SIPs (Systematic Investment Plans), Buy and Hold Strategy (Long-term Investing), Portfolio Management, Growth Investing and related approaches. Investment lessons are principles, strategies or insights derived from experience and historical examples that might guide individuals on how to invest money wisely. These lessons emphasize technical as well as behavioural factors such as patience, adaptability and emotional control, which are critical for investment success amidst market volatility. [2]

This paper compares traditional strategic approaches associated with Chhatrapati Shivaji Maharaj with the mathematical framework of the Markowitz Model. The review of literature identified various investment strategies followed by retail investors. However, the study identified a need for a structured Strategic Investment Framework that guides retail investors according to their specific income, expenses and debt. Therefore, an attempt has been made to provide retail investors with an investment framework combining investment lessons extracted from Shivaji Maharaj's strategic approaches and investment strategies of the Markowitz Model.

2. Background and Conceptual Framework

2.1 Chhatrapati Shivaji Maharaj's Strategic Approaches

Shivaji Maharaj built an extensive network of forts. Each fort served a purpose such as a strong defence base or secured trade routes. This strategy supports the modern concept of Portfolio Diversification. An investor should not rely on a single investment; rather, investments may be spread across Equities, Bonds, Fixed Deposits, Gold and other avenues. This gives the Investment Lesson of Diversification.

Shivaji Maharaj was a master in calculating risks. He avoided massive fights and used Guerrilla Warfare, surprise attacks and hit-and-run tactics to reduce losses, preserve resources and achieve maximum results with limited manpower. The lesson for investors is that success does not come from taking every risk, but from choosing risks wisely. This provides an Investment Lesson of Risk Management.

Another significant strength was the ability to adapt quickly to changing circumstances. Strategies shifted according to terrain, opponents and circumstances, and resources were adjusted as required. Similarly, investors should evaluate their portfolios and respond to opportunities and threats. Funds may be shifted among Equities, Bonds, Gold and Cash depending on market trends and cycles. This gives the Investment Lesson of Adaptability and Flexibility.

2.2 Markowitz Model / Modern Portfolio Theory[3]

The Markowitz Model, also known as Modern Portfolio Theory (MPT), was developed by Harry Markowitz and published in the Journal of Finance in 1952. The model provides a mathematical framework for balancing risk and return and assumes that investors seek maximum returns at a given level of risk. Diversification is used to reduce unsystematic risk.

The Efficient Frontier provides combinations of risk and return and guides investors towards portfolios offering the best possible return for a given level of risk. An asset carrying high risk can be balanced through combinations of assets in a diversified portfolio. Thus, the model provides a structured approach to Risk Management.

The model also supports flexibility in investment management. As financial markets change, asset correlations and risk-return characteristics may evolve. Investors therefore need to review and modify their investment decisions in alignment with market conditions, goals and risk capacity. Periodic portfolio review and rebalancing support adaptability in investments.

2.3 Review of Literature

Dr. Chaitanya Arun Sathe (2024), in "Chhatrapati Shivaji Maharaj – an exemplary practitioner of Risk Management," discusses Shivaji Maharaj's risk-management practices and their potential relevance today.

Laxman Agrawal (2024), in "7 Investment Lessons from Chhatrapati Shivaji Maharaj," identifies investment lessons including strategic planning, diversification, emergency funding and growth investing.

Om P. Patel and Dr. Vivek Ayre (2025) examine NASDAQ stocks with a focus on balancing risk and returns, diversification, the Efficient Frontier and Sharpe Index Models, providing structured approaches for portfolio management.

Nurfadhlina Abdul Halim and Ari Yuliati (2020) examine Markowitz portfolio optimization and asset allocation, emphasizing appropriate allocation of investors' funds and flexibility in portfolio construction.

2.4 Research Gap

The review of literature indicates that limited literature is available on the Markowitz Model in the specific context of this study, while hardly any research was found on investment lessons extracted from Chhatrapati Shivaji Maharaj's strategic approaches. Hence, the study aims to examine investment strategies of the Markowitz Model and investment lessons extracted from Shivaji Maharaj's strategic approaches and provide strategic investment guidance to retail investors.

2.5 Objectives of the Study

1. To study the Investment Lessons of Chhatrapati Shivaji Maharaj and Investment Strategies of Markowitz Model.

2. To study the awareness of Investment Lessons of Chhatrapati Shivaji Maharaj and Investment Strategies of Markowitz Model.

3. To know whether retail Investors are aware that the Investment strategies used by them are from Chhatrapati Shivaji Maharaj's Approaches and Markowitz Model.

2.6 General Hypotheses

1. Investment Lessons extracted from Chhatrapati Shivaji Maharaj's Investment Approaches and Investment strategies in Markowitz Model show strong parallels, but the same is explained in a complex manner.

2. Though Retail Investors use Investment lessons extracted from Chhatrapati Shivaji Maharaj's Investment Approaches and Investment strategies in Markowitz Model, they are not aware of the same.

3. Comparative and Empirical Analysis

3.1 Scope and Research Methodology

The study is based on Primary Data and Secondary Data. For Primary Data, a structured questionnaire was framed and data was collected. The study covers Investment Lessons extracted from Chhatrapati Shivaji Maharaj's Strategic Approaches and Investment Strategies of the Markowitz Model.

Nature: The research is indicative in nature. The study is of a controlled group, so the sample size is small.

Population and Sample: The population comprises retail investors. A sample of 46 respondents represents different age groups, income levels and financial backgrounds.

Data Collection: Primary data was collected using a structured questionnaire. Secondary data was sourced from research papers, journal articles, blogs, books and theses.

Data Processing: Responses from 50 respondents were received. After editing, completed data of 46 respondents was considered for analysis.

Data Analysis: SPSS was used. Cronbach's Alpha was used for reliability, and correlation and regression analyses were conducted among selected predictors including Investment Behaviour, Role of Technology and Information, Behavioural Awareness, Risk Management, Adaptability and Flexibility, Diversification and Investment Discipline.

The data collected through the questionnaire was analysed using both quantitative and qualitative methods. Qualitative analysis was conducted using a frequency distribution table to understand respondents' awareness and perception regarding investment strategies.

3.2 Demographic and Awareness Profile

Variable	Category	Frequency	%
Age	Below 30	11	23.9

	31–45	11	23.9
	46–60	10	21.7
	Above 60	14	30.5
Monthly Income	Less than Rs. 25,000	10	21.7
	Rs. 26,000–50,000	11	23.9
	Rs. 51,000–1,00,000	13	28.3
	Above Rs. 1,00,000	12	26.1
Debt and Financial Commitments	High	9	19.6
	Moderate	22	47.8
	Low	15	32.6
Usage of investment principles linked to Shivaji Maharaj's strategic approach	Yes	0	0
	No	46	100
Investment principles as core element of Markowitz Portfolio Theory	Yes	3	6.5
	No	43	93.5

Source: Primary data – Compilation from SPSS

The largest age group was Above 60 (30.5%), followed by Below 30 and 31–45 (23.9% each). The highest income group was Rs. 51,000–1,00,000 (28.3%). A majority reported moderate debt and financial commitments (47.8%). None of the respondents related their investment practices to Shivaji Maharaj's strategic approaches, while 93.5% did not recognize investment principles as the core element of Markowitz Portfolio Theory.

3.3 Reliability Analysis

Investment Strategy	**Cronbach's Alpha**	**N**
Investment Behaviour	0.842	2
Risk Management	0.946	2
Diversification	0.992	2
Adaptability and Flexibility	0.938	2
Behavioural Awareness	0.900	2
Role of Technology and Information	0.864	2
Investment Discipline	0.967	2

Source: Primary data – Compilation from SPSS

Cronbach's Alpha values ranged from 0.842 to 0.992, exceeding the minimum required value of 0.7 and indicating that the scale was reliable for further statistical analysis.

3.4 Descriptive Statistics

Investment Strategy	N	Mean	Std. Dev.	Skewness	Kurtosis
Investment Behaviour	46	4.71	0.67	-2.54	6.23
Risk Management	46	4.72	0.79	-2.74	6.39
Diversification	46	4.71	0.83	-2.74	6.15
Adaptability and Flexibility	46	4.73	0.78	-3.20	9.82
Behavioural Awareness	46	4.75	0.71	-3.15	9.61
Role of Technology and Information	46	4.87	0.40	-3.28	11.11
Investment Discipline	46	4.70	0.81	-2.74	6.54

Source: Primary data – Compilation from SPSS

All means were high, ranging from 4.70 to 4.87 on a five-point scale. Role of Technology and Information had the highest mean (4.87), followed by Behavioural Awareness (4.75) and Adaptability and Flexibility (4.73). Low standard deviations indicate limited variability in responses.

3.5 Correlation Analysis

Correlation analysis indicated strong and positive relationships across all examined predictor variables. The correlation coefficients ranged from 0.68 to 0.94, and the reported relationships were statistically significant. Respondents with strong investment behaviour also tended to demonstrate stronger risk management, diversification, adaptability and flexibility, behavioural awareness, and use of technology and information in investment decision-making.

3.6 Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error	Durbin-Watson
1	0.969	0.940	0.930	0.42913	2.143

Source: Primary data – Compilation from SPSS

The model showed a strong relationship between the predictors and Investment Discipline. R = 0.969 and R^2 = 0.940 indicate that approximately 94% of the variation in Investment Discipline is explained by the combined predictor variables. The Durbin-Watson value was 2.143.

Model	Regression SS	df	Mean Square	F	Sig.
1	111.775	6	18.629	101.161	.000
Residual	7.182	39	0.184		
Total	118.957	45			

The regression ANOVA was statistically significant (Sig. = .000), indicating that the regression model explains Investment Discipline among the respondents.

Predictor	B	Std. Error	Beta	t	Sig.	VIF
Constant	4.013	1.284		3.126	.003	
Role of Technology and Information	-0.724	0.180	-0.357	-4.02	.000	5.062
Behavioural Awareness	0.523	0.193	0.454	2.714	.010	18.039
Adaptability and Flexibility	0.006	0.187	0.006	0.033	.974	20.693
Diversification	0.765	0.182	0.784	4.205	.000	22.477
Risk Management	-0.071	0.145	-0.068	-0.48	.627	12.630
Investment Behaviour	0.093	0.119	0.077	0.780	.440	6.230

Source: Primary data – Compilation from SPSS

Diversification and Behavioural Awareness were statistically significant positive predictors of Investment Discipline. Role of Technology and Information showed a statistically significant negative relationship. Adaptability and Flexibility, Risk Management and Investment Behaviour were statistically insignificant in the multiple regression model.

Regression equation: Investment Discipline (Y) = 4.013 – 0.724 (Role of Technology and Information) + 0.523 (Behavioural Awareness) + 0.765 (Diversification).

3.7 Cross-Tabulation: Demographic Variables and Awareness

Demographic Category	Shivaji: Yes	Shivaji: No	Markowitz: Yes	Markowitz: No
Below 30	0	11	0	11
31–45	0	11	2	9
46–60	0	10	0	10
Above 60	0	14	1	13
Income < Rs.25,000	0	10	0	10
Rs.26,000–50,000	0	11	1	10
Rs.51,000–1,00,000	0	13	1	12
Above Rs.1,00,000	0	12	1	11
High debt	0	9	0	9
Moderate debt	0	22	1	21
Low debt	0	15	2	13

Source: Primary data – Compilation from SPSS

Across all demographic categories, none of the respondents indicated awareness of the linkage between their investment principles and Shivaji Maharaj's strategic approaches. Only a very small proportion acknowledged awareness of Markowitz Portfolio Theory. The results indicate a clear gap between practical investment behaviour and theoretical awareness.

4. Findings and Discussion

4.1 Findings Related to Shivaji Maharaj's Strategic Investment Wisdom

a. Portfolio Diversification is reflected in Shivaji Maharaj's extensive network of forts. The loss of one fort did not necessarily affect the entire administrative or military system. Similarly, diversification can protect an investment portfolio from excessive losses arising from underperformance of a single asset.

b. Risk Management is reflected in selective engagement, intelligence, appropriate knowledge and timing. The investment implication is the importance of lowering risks and protecting capital during volatile conditions without compromising long-term goals.

c. Dynamic Planning and Continuous Adaptability were significant characteristics of Shivaji Maharaj's strategic approach. Investment strategies similarly need to evolve with changing market conditions, economic cycles and investor circumstances.

4.2 Findings Related to the Markowitz Model

a. Markowitz Portfolio Theory provides a structured risk-return framework. Investment risk is considered not only at the individual-security level but also according to how assets are placed within a portfolio.

b. Diversification can substantially reduce unsystematic risk by allocating investments across different asset combinations. The Efficient Frontier provides a framework for selecting portfolios offering the best possible return for a given level of risk. Periodic portfolio review and rebalancing support adaptability because asset correlations and risk-return characteristics can change over time.

4.3 Major Empirical Findings

The sample consisted of 46 respondents, with 30.5% above 60 years and 28.3% in the Rs. 51,000–1,00,000 income group. Moderate debt and financial commitments represented the largest category at 47.8%. All respondents reported no awareness of the connection between their investment principles and Shivaji Maharaj's strategic approaches. 93.5% of respondents were not aware of the Markowitz Model. Cronbach's Alpha values exceeded 0.7 for all selected constructs, indicating reliability. Role of Technology and Information recorded the highest mean score (4.87). Correlation coefficients ranged from 0.68 to 0.94, showing strong positive relationships.

The regression model was statistically significant and explained approximately 94% of the variation in Investment Discipline.

Diversification and Behavioural Awareness significantly improved Investment Discipline, while Role of Technology and Information had a statistically significant negative relationship in the model.

The cross-tabulation results demonstrate a clear gap between practical implication and theoretical awareness.

5. Proposed RISK Model and Practical Implications

Based on the findings from secondary and primary data, a Comprehensive Strategic Investment Model named RISK (Retail Investor Strategic Key) Model has been developed. The model guides retail investors by assessing Income, Expense and Debt, while also considering risk tolerance, investment horizon and financial goals.

5.1 Survival Zone – Low Income, High Expenses, High Debt

This category represents financially constrained and risk-averse investors whose cash flows are limited and liabilities such as EMIs or consumer loans are high. The emphasis is on capital preservation and liquidity management. The model relates this to the defensive strategic approach associated with Shivaji Maharaj and the low-risk end of the Markowitz Efficient Frontier. Financial options include Fixed Deposits, Government Bonds,

Debt Funds and PPF, supplemented by small holdings of gold or silver. The objectives are financial survival, liquidity maintenance and debt reduction.

5.2 Stability Zone – Moderate Income, Moderate Expenses, Moderate Debt

Investors in this zone have manageable debt and seek stability together with capital appreciation. The approach reflects prudent strategic planning and the Markowitz principle of diversification. Suitable categories identified in the paper include Balanced and Hybrid Mutual Funds, SIPs, Gold ETFs and occasional exposure to real estate or tangible assets. The focus is systematic and disciplined investing for sustainable growth.

5.3 Growth Zone – High Income, Low Expenses, Low Debt

This category represents financially empowered investors with surplus income, low expenditure and minimal debt commitments. Their investment approach is dynamic, growth-driven and opportunistic. The paper identifies Equity Funds, Flexi-Cap Funds, ETFs and Thematic Portfolios along with non-financial assets such as real estate, commodities or digital gold. Periodic rebalancing is emphasized for long-term wealth creation.

5.4 Suggestions:

a. Adoption of Disciplined and Non-Haphazard Investment Strategy - RISK MODEL

Investment should begin with self-assessment, not with instruments. Retail investors should evaluate their financial position across Income, Expenditure and Debt before adopting an Investment Strategy as refereed in the RISK model. The RISK Model gives us the structured pathways ranging from Conservative approach to Tactical approach. Therefore, a balance of Discipline and Non-Haphazard Investment Execution serves as a key-driver of Long-Term financial stability and wealth creation.

b. Financial Literacy

Students should be acquainted with the fundamentals of investments from a young age. Integrating financial education into school and higher education curriculum. It will equip future generations with Investment habits from younger age. Learning about Savings, Risk Management, Diversification, and Strategic investment early in life will empower individuals to achieve financial independence.

c. Role of Social Media Influencers in Promoting Historical Wisdom

Social media influencers play a pivotal role in shaping public opinion and spreading awareness. It is suggested that financial educators, influencers, and content creators to utilize digital platforms to popularize investment lessons derived from historical figures such as Chhatrapati Shivaji Maharaj and Traditional Investment gurus like Harry Markowitz.

d. Encouragement of Research in Historical Financial Wisdom

Scholars and practitioners can attempt to do research on Classical and Historical texts and Strategic philosophies in various Investment aligned areas.

6. Future Implications for Investment and Financial Planning

The RISK Model provides a basis for further development of investor-specific planning approaches that connect financial standing with risk capacity, liquidity preference, investment horizon and financial goals. Its integrative character may support future research in behavioural finance, indigenous knowledge systems, retail investment planning and investor education.

Future studies may examine the proposed model with larger and more diverse samples, test the model across different demographic and geographic groups, and investigate how technology and information affect investment discipline. The present study is indicative and based on a controlled sample; broader empirical validation would therefore strengthen the generalizability of the model.

7. Conclusion

The study acts as a guiding tool for retail investors by enabling them to identify their current financial standing and adopt a suitable investment approach. Over time, as income increases and debt reduces, investors can transit from Survival to Stability to Growth, reflecting financial maturity and strategic evolution.

By contextualizing traditional strategic principles within contemporary investment practices, the framework contributes to academic discourse in behavioural finance and indigenous knowledge systems while providing a practical roadmap for investors and financial advisors in the Indian financial ecosystem. The integrated model bridges historical strategic thought with modern financial theory and offers a practically feasible structure for financial advisors, planners and individual investors.

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