

A Study on Investment Behavioural Patterns of Women Investors

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Abstract: The socio-economic status of women is changing. With increase in the number of working women, there has been an increase in the number of women investors. Their financial influence is becoming stronger as they feel responsible for household expenditures and savings. So women structure their expenditures and savings for specific purposes. Thus, this study examines the investment behaviour of women investors in different investment avenues.

Index Terms: women investors, investment behaviour

I. INTRODUCTION

Financial markets help in accelerating investment activities in the country. Investments can have a major impact on an investor's well-being. There are a large number of women investors who have the ability to make investments in insurance, gold, real estate, bank deposits, share market, provident funds, chit funds and post office. Each of these investments has common features like potential returns and risks. A great number of women are being employed and their attitude towards investment avenues is also changing. Instead of keeping their savings idle, women are showing keen interest in investing their money saved in various investment avenues to get returns and to meet present and future expenditures. With more autonomy in decision making, women are playing a pivotal role in socio-economic growth of the country. Women are playing more active economic role due to diverse reasons such as recent global financial crises and more men are losing jobs due to recession in the economy and automation of jobs.

II. LITERATURE REVIEW

Individual investment choices are influenced by lifestyle and demographic attributes (Rajarajan, 2000). Though investors are in cognitive illusions, they consider multiple factors and try to create self-awareness before taking an investment decision (Shinde C.M., et.al., 2014). Women are more comprehensive information processors than men and therefore can deal with more complex financial products more accurately (Monica Sharma, et.al., 2013). But confidence in investment decisions is strongly affected by gender. Women are less confident than men in making investments (Powell and Ansic, 1997). As confidence level is low, women are more risk averse than men in making financial investments (Patti J.Fisher, 2010). There are

differences between active and passive women investors based on demographic factors, psychographic factors and investment characteristics. Irrespective of age, educational qualifications and occupation, women think that saving for the future is desirable (J.Klaymanet, 1999). Women investors are more likely to enter into stock market trading, if their parents have been into stock market trading during the past few years (P.Paramashivaiah, et.al, 2014). Women investors are financially knowledgeable but need better financial planning skills (C.Gnana Desigan, et.al, 2006). Working women are more aware of the various investment avenues and take better investment decisions when compared to non-working women. Very few women investors have a good understanding of investment risks. In unprecedented financial markets volatility, women become more cautious and thoughtful with regard to financial investments (R.Suyam Praba, 2016). There is an impact of intuitive thinking of women investors on investment preference. Emotions act as a barrier to rationality and logic thinking of women investors and affect their prospects of generating additional income through investments (Manish Mittal, et.al, 2009).

III. OBJECTIVES OF THE STUDY

1. To understand the investment objectives of women investors
2. To analyze the sources of information on investments
3. To identify the investment avenues of women investors
4. To study the variables influencing the investment decisions taken by women investors

IV. RESEARCH METHODOLOGY

This study is based on survey conducted in Hyderabad during January to June 2017. The primary data was collected through questionnaire method, using Judgment (Purposive) sampling. The respondents were selected on the basis of judgment to include all demographic segments. Questionnaire was distributed to 105 women investors, out of which 80 responded. The questionnaire consisted of 26 questions related to the Investment Decision variables. The theoretical foundation of the study is based on various secondary sources such as textbooks, articles, quality magazines, article features and published papers.

TABLE I.
DATA ANALYSIS

Demographic Variables	Total No. Of Respondents	Percentage
Age		
Below 25 years	12	15
25-35 years	45	56.25
35-45 years	14	17.5
Above 45 years	9	11.25
Total	80	100
Educational Qualification		
Std 10th	11	13.75
Graduate	34	42.5
Post Graduate	16	20
Professional Degree	19	23.75
Total	80	100
Marital Status		
Single	21	26.25
Married	59	73.75
Total	80	100
Occupation		
Government Employee	11	13.75
Private Employee	32	40
Self Employee	22	27.5
Housewife	15	18.75
Total	80	100
Annual Income		
Less than 150000	8	10
150000-300000	30	37.5
300000-600000	26	32.5
600000-900000	10	12.5
More than 900000	6	7.5
Total	80	100

The above table shows that out of 80 respondents, 56.25% were in the age group of 25-35 years, 42.5% were graduates, 73.75% were married, 40% were private employees and 37.5% were having annual income of Rs. 150000 to Rs. 300000.

TABLE II.
INVESTMENT OBJECTIVES

Investment Objectives	Ranking					Total Score
	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	
Regular Income	31	11	16	13	6	77
Childrens' Education	13	30	6	16	9	74
Wealth Creation	10	20	19	11	24	78
Provision for Retirement	8	4	18	15	25	70

Chit Funds	8	10
Total	80	100

The above table shows that bank deposits are the most preferred investment avenue with 22 out of 80 women investors (27.5%) opting for bank deposits. This is followed by investments made in gold with 17 out of 80 women investors (22.5%) opting for purchase of gold as an investment. The least preferred investment avenues are shares/ debentures and bonds with only 2 out of 80 (2.5%) respectively, opting for it.

Meeting Medical Expenses	11	15	20	10	24	80
Tax Benefit	8	16	19	20	10	73
Meeting Contingencies	2	11	15	13	31	72

The above table shows that the investment objective of meeting medical expenses has got the highest score of 80 followed by wealth creation with the total score of 78. The investment objective of provision for retirement has got the least total score of 70. This means that women investors are more concerned about medical expenses and are investing with the main objective of meeting medical expenses.

TABLE III.
SOURCES OF INFORMATION

Sources of Information	No. of Respondents	Percentage
Self Awareness	21	26.25
Financial Advisor	15	18.75
Internet	4	5
Family/Friends/Relatives	32	40
Media	8	10
Total	80	100

The above table shows that the main source of information is from family, friends and relatives. 32 out of 80 women investors (40%) are relying on family, friends and relatives for information on investments. There has been an increase in the self awareness of the women investors on investments, with 21 out of 80 women investors (26.25%) relying on the information, procured on their own through various sources. Only 4 out of 80 women investors (5%) made investments based on the information that they got through internet.

TABLE IV.
INVESTMENT AVENUES

Investment Avenues	No. of Respondents	Percentage
Government Securities	5	6.25
Bank Deposits	22	27.5
Provident Fund	4	5
Insurance Scheme	11	12.5
Mutual Funds	6	7.5
Shares/Debentures	2	2.5
Bonds	2	2.5
Real Estates	3	3.75
Gold	17	22.5

TABLE V.
INVESTMENT DECISION

Investment Decision	No. of Respondents	Percentage
Independent	28	35
Dependent	52	65
Total	80	100

The above table shows that 28 out of 80 women investors (35%) have taken investment decisions independently and 52 out of 80 (65%) have been dependent on others for taking investment decisions. It depicts that they are still mostly dependent on their family members, friends and relatives for investment related information and for taking investment decisions.

TABLE VI.
DURATION OF INVESTMENT

Period of Investment	No. of Respondents	Percentage
Less than 1 year	10	12.5
1 to 3 years	36	45
3 to 5 years	17	21.25
5 to 10 years	9	11.25
More than 10 years	8	10
Total	80	100

The above table shows that most of the women investors prefer making investments for duration of 1 to 3 years. 36 out of 80 women investors (45%) have made investments for a period of 1 to 3 years. 17 out of 80 women investors (21.25%) have made investments for a period of 3 to 5 years. Very few have shown interest in making long term investments with only 8 out of 80 (10%) having made investments for more than 10 years.

TABLE VII.
FORMATION OF FINANCIAL PLAN

Formulation of Financial Plan	No. of Respondents	Percentage
Yes	23	28.75
No	57	71.25
Total	80	100

The above table shows that 57 out 80 respondents (71.25%) have not made any financial plans regarding various financial goals. This shows that a majority of women did not plan for their investment avenues and have invested as and when opportunities came. Thus, without a proper financial plan they may lack focus on financial requirements.

TABLE VIII.
USE OF FUNDS IN THE PORTFOLIO

Use of funds in the Portfolio	No. of Respondents	Percentage
Above 10 years	16	20
6 to 10 years	43	53.75
0 to 5 years	21	26.25
Total	80	100

The above table shows that most of the women investors (53.75%) use the investment funds within 6 to 10 years and very few women investors use their funds in their portfolio for more than 10 years. It depicts that most of the women investors do not have very long term use of their funds.

TABLE IX.
PERCENTAGE OF INCOME INVESTED

Percentage of Income invested	No. of Respondents	Percentage
Less than 10%	23	28.75
10% to 20%	29	36.25
20% to 30%	17	21.25
More than 30%	11	13.75
Total	80	100

The above table shows that 29 out of 80 respondents (36.25%) have invested 10% to 20% of their income and 17 of them invested 20% to 30% of their income in various investment avenues. Only 13.75% of the respondents have invested more than 30% of their income in various investment avenues because many women investors do not have a thorough knowledge of all the prospective investment avenues and dislike taking risks.

TABLE X.
FREQUENCY OF INVESTMENT

Frequency of investment	No. of Respondents	Percentage
Weekly	10	12.50
Monthly	20	25
Quarterly	26	32.5
Half yearly	11	13.75
Yearly	13	16.25
Total	80	100

The above table shows that 26 out of the 80 respondents (32.5%) make investments on quarterly basis. This is followed by those who make monthly investments. Very few women investors invest on weekly or yearly basis.

TABLE XI.
REACTIONS WITH DECREASE IN PORTFOLIO VALUE

Reactions with decrease in portfolio value	No. of Respondents	Percentage
Transfer of money immediately	37	46.25
Concerned but wait for improvement	28	35
Withdraw the investments	11	13.75
Invest more funds	4	5
Total	80	100

The above table shows that 37 out of 80 respondents (46.25%) transfer their money immediately with the fall in the portfolio value. Most of the women investors hesitate to take risk and feel that it is better to transfer the money immediately in other portfolios rather than wait for improvement in the current portfolio value. Very few of them continue to invest in the funds with decrease in the value of the portfolio.

TABLE XII.
PERCEIVED INVESTMENT CONTROL VARIABLES

Perceived investment control variables	Mean	Standard Deviation
Confidence in ability to invest	3.59	0.644
Regular review and comparison of investment performance with market benchmarks	3.20	0.850
Consistent investment strategy	3.96	0.735
Knowledgeable about investing	3.17	0.617
Satisfaction with current investment mix	3.02	0.798

The above table shows that the variable of consistent investment strategy is considered as the highest perceived investment control variable with a mean of 3.96 (SD 0.735) followed by the variable of confidence in ability to invest with a mean of 3.59 (SD 0.6444). The variable of satisfaction with current investment mix is considered as the least perceived investment control variable with a mean of 3.02 (SD 0.798).

TABLE XIII.
MEAN AND STANDARD DEVIATION FOR INVESTMENT DECISION
VARIABLES

Investment Decision Variables	Mean	Standard Deviation (SD)
Safety	4.6	0.912
Liquidity	4.0	0.750
Tax Benefit	3.5	0.808
Returns	3.9	0.891
Capital Appreciation	3.8	0.956
Risk Coverage	4.2	0.863
Personal Ability to Invest	2.8	0.654
Access to Information on Investments	3.6	0.867
Advice or recommendation from Family/ friends/ stock holder/ broker	3.7	0.789
Easy availability of funds whenever required	4.4	0.704

The above table shows that the variable of safety has the highest impact on investment decision making of women investors with mean value of 4.6 (SD 0.912) followed by the variable of easy availability of funds whenever required, with mean value of 4.4 (SD 0.704). The variable of personal ability to invest has the least impact on the investment decision making of the women investors with mean value of 2.8 (SD 0.654).

V. CONCLUSIONS

This research showcases that women are more concerned about meeting their immediate expenses like medical expenses. Therefore women investors prefer short term investments rather than making provisions for long term benefits. Though there has been an increase in the number of educated working women, they are still mostly dependent on their family members, friends and relatives for investment related information and for taking investment decisions. Women do not want to take much risk while making financial investments and therefore opt for safer investments like bank deposits and gold rather than investing in shares and bonds. As women investors want to create more wealth to meet short term expenses, they want funds to be easily available whenever required. The government must strive to promote financial literacy through its public policies so that women can have better financial planning skills.

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