

PERCEPTION OF WORKING WOMEN IN FINANCIAL INVESTMENT DECISIONS - A STUDY WITH REFERENCE TO CHENNAI.

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ABSTRACT

PURPOSE: The purpose of this study is to analyze the awareness and involvement of working women towards the investment decisions. The other purpose of this study is to find out the level of financial literacy and independency of financial decision of working women.

METHODOLOGY: The data for the study is collected from 110 working women in Chennai city. Both primary and secondary data has been used for the study. Snowball sampling method has been used for the data collection.

TOOLS AND TECHNIQUES: Demographic profile of the respondents is studied. Percentage analysis, ANOVA, Factor Analysis are used for the study.

FINDINGS: The study identified that there is gradual change and involvement of working women on the financial investment decisions at home. There are various factors that women consider in taking the financial decisions which are dealt in depth in the current study.

IMPLICATIONS: The results of the study indicates that, this is the right time to learn about the perception of women towards financial investment decision in order to dispense much more awareness and literacy on risk taking and other components of investment.

KEYWORDS: Working women, Risk appetite, Decision making, Investment options and financial literacy.

INTRODUCTION:

Financial investments within the family are predominantly undertaken by male members in the state of Tamil Nadu. This is due to the patriarchal system imbibed generations after generations. Though Chennai always had conservative thoughts and ideas followed in the society, now due to globalization and women empowerment, there has been a small shift in the paradigm of thoughts when it comes to family's investment decisions.

Today Women are educated, in the sense that most of them, from whatever background they come from are graduates. Therefore, the access to education has given them the freedom to explore options, analyse and then take concrete decisions regarding financial investments. The

rate of financial literacy also has improved to a larger extent among the women population.

Financial decisions lead to profitable investments that a family can make. Investments made in the family are mostly related to the family requirements, retirement plans, education plans of children, medical plans, tour plans etc. In all these decisions, it is predominantly the male head who takes decisions due to the socio – cultural patriarchal systems that exists in our society. Participation has become the new trend where women today have complete financial literacy whereby they have clear plans of investment.

Financial decision making is a complex phenomenon encompassing all aspects of life, involving various dimensions. It is a process of

choosing from myriad options available to the family.

The avenues of investments are wide open, where it could be real assets or tangible assets.

While taking decisions on investment, the psychological factors assume a major role which is focused in Behavioral finance. Various studies have shown that women make good investment decisions where they would choose low risk investment avenues.

Demographic factors also contribute to the type of investment decision of women employees.

Lack of confidence, self-doubt and a perceived gap in skills of networking, team building, risk-taking and financial management were factors that women experienced as impediments.

From this study it is understood that there is a shift in the decision making tendencies of working women towards financial decisions. This can be well developed and explored if it is inculcated in the curriculum of the graduating degrees offered by various universities across the country.

REVIEW OF LITERATURE:

Pertaining to risk tolerance of women, there is more number of studies that reveal women are averse towards risk than men. While doing investment women think twice about the mature of investment and returns. Women are safety oriented and do not take hasty decisions while doing investments (Yusof 2015)

A study was conducted among 11,600 people out of which 5,200 are men and 6,400 women regarding the perspective of working category regarding investment decision. The research concluded that women are risk averse than men. (Barsky et al, 1997)

Several studies reveal that women make investment in less risky alternatives and a recent survey conducted on working women regarding their investment of pension fund revealed that women invest their pension more conservatively than men (Bejtelsmit and Van Derhei, 1997)

According to the survey conducted by Boston consulting group of which 12,000 women from 21 countries responded are saving money for

critical situation when they are most in need of financial help (like getting married, children education etc.,) (Silverstein, Kato and Tischhavser, 2009)

Another study conducted by Nielson on investment by women investors from 56 countries around the world, women are 25% more likely than men to rely on friends and family for advice and seeking guidance on personal finance matters (Neilsen.com, 2012)

In a study conducted in three small cities of Mumbai sub urbs in India with respondents more than 100 married working women where it was found that 75% of the working women do have their decision on their own for personal investment, however for the same they depend on their husband, in laws etc., Around 49% of women consult their spouse, children, in laws before making investment decision. Remaining 51% of the women seek advice of their siblings, colleagues, friends etc., (Dusseja, 2016)

In another study conducted for DSP Blackrock by Neilson it was reported that about 77% of working women in India rely upon their father or spouse for making investment decision on behalf of them. Out of 23% women who invested on their own, 18% were single working women (Padiyath, 2013).

NEED FOR THE STUDY

In recent days working women percentage has increased considerably, so there is need to study about the investment pattern of women. In earlier days role of women in family was restricted within their house and their priority was limited. But the scenario has changed now-a-days Indian women contribution in work place, business and in family is being recognized. Usually the decision taken by women in finance investments are criticized as risk adverse, conservative, lower level of finance knowledge, lack of confidence. So it is critical need of the moment to identify the involvement of working women in investment decision. Trends are changing and it is required to understand the level of financial literacy among working women. It is being a known fact that women are risk averse, in this study researchers attempt to study whether the choice of investment of women have changed or not.

OBJECTIVES OF THE STUDY:

The current study is carried out:

1. To identify the involvement of working women in investment decision
2. To understand the level of financial literacy among working women
3. To analyze the preferred investment avenues among various demographic groups
4. To determine the factors affecting the choice of investment avenues

RESEARCH METHODOLOGY:

In this research snowball sampling technique was used. In order to get reply from

heterogeneous group the survey was done on the basis of snowball sampling. The questionnaire was prepared as Google form and circulated among women through online and data was collected through mail. The survey aimed to study the behavior of women in family investment decision, the responses were collected from respondents on first come first serve basis and the response was closed with 100 respondents. Out of that 20 found to be incomplete so out of hence, 80 complete responses were taken for the study.

ANALYSIS AND INTERPRETATION:

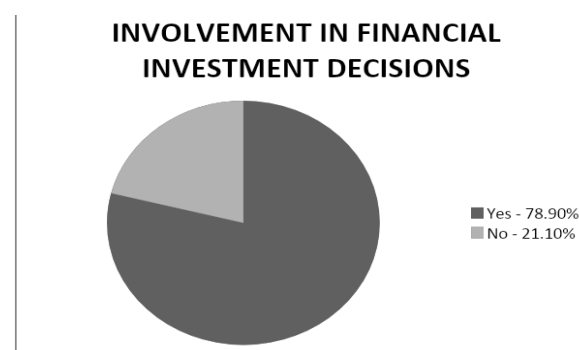
Table No. 4.1 Demographic Analysis

Factors		Frequency	Percentage
Age	21-30	42	52.5
	31-40	24	30.0
	41-50	10	12.5
	51 and above	4	5.0
Marital status	Single	42	52.5
	Married	38	47.5
Educational qualification	School level	3	3.8
	Under Graduate	46	57.5
	Post Graduate	22	33.0
	Doctorate	3	3.8
	Professional	3	2.0
Employment	Government Sector	20	25.0
	Private Sector	39	48.8
	Self Employed	14	17.5
	Home Maker	7	8.8
income	Less than 20,000	21	26.3
	20,001 to 40,000	38	47.5
	40,001 to 60,000	14	17.5
	60,001 to 80,000	5	6.8
	80,001 and more	2	2.8

Inference for the above table

The above table depicts the demographic factors and their distribution towards the study. Out of 80 respondents, 82.5% of respondents found to be from the middle-aged group. As per the demographic study, only 3 respondents have restricted their education to school level. All other respondents are under graduates, post graduates, doctorates and professionals. Out of 80 respondents, 39 of them are employed in private sector and 47.5% of them earn an monthly income ranging from 20,001 to 40,000.

Figure No. 1 Involvement of working women in financial investment decision



Inference:

The above figure depicts that majority of the working women i.e., 78.90%, take part in the financial investment decision at their home. Although, still there are around 21.10% of the literate working women who do not take part in the financial investment decisions.

Table No. 4.2 Level of Financial Literacy

Dimension	No. of Respondents	%
Very High	24	31.1
High	24	31.1

Table No. 4.3 Preferred Avenues of Investment

Dimension	Highly Preferable	Preferable	Neutral	Not Preferable	Not at all preferable
Fixed Deposit	37.8%	26.7%	22.2%	4.4%	8.9%
Gold and Precious Metals	20.0%	57.8%	15.6%	0%	6.7%
Life Insurance	11.1%	35.6%	37.8%	11.1%	4.4%
Post Office Savings Scheme	24.4%	42.2%	24.4%	8.9%	0%
Real Estate	13.3%	37.8%	40.4%	4.4%	4.4%
Mutual fund	26.7%	26.7%	13.3%	24.4%	48.9%

Inference:

From the above table, it is observed that majority of the working women preferred to invest on gold and precious metals because they believe that it is a good investment since the value of gold appreciating every day as well

Table No. 4.4 KMO AND Bartlett's Test

KMO AND Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.798	
Bartlett's Test of Sphericity	Approx. Chi-Square	980.490
	Df	378
	Sig.	.000

Inference:

Table 4.4 shows that the value of KMO is 0.798, which indicates sample, is adequate to run factor analysis technique. The data yields a value for chi squared statistic of 980.490 and significance value of 0.00, which denotes that the values are independent and there is multicollinearity between the values. Higher

Medium	21	24.4
Low	7	8.9
Very Low	4	4.4
Total	80	100

Inference:

From the above table no. 4.2, it is observed that financial literacy among working women is high, even they are less educated they are having the habit of savings and investment through heredity, maximum of the women following their parent's strategy of investment without analyzing merits and risks.

as it is easy to liquidate as and when they needed. Last rank scored by mutual fund since people are unaware of mutual fund benefits, since they think it has market risk and they had feared to invest.

communalities are better. The values of communality are all more than 0.5. If communality for a particular variable is low (between 0.0 and 0.4) then that variable has to struggle to load significantly on any factor. Thus, in this study all the variables are significantly loaded on factors.

Table No. 4.5 Total Variance Explained

Component	Initial Eigenvalues	Extraction Sums of Squared Loadings	Rotated Sums of Squared Loadings
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	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.594	37.836	37.836	10.594	37.836	37.836	4.091	14.610	14.610
2	2.512	8.971	46.808	2.512	8.971	46.808	3.871	13.827	28.437
3	1.963	7.012	53.820	1.963	7.012	53.820	2.831	10.109	38.546
4	1.666	5.951	59.771	1.666	5.951	59.771	2.666	9.520	48.066
5	1.468	5.244	65.015	1.468	5.244	65.015	2.550	9.109	57.175
6	1.282	4.579	69.594	1.282	4.579	69.594	2.481	8.862	66.037

Inference:

The above table depicts the principal component analysis (PCA) methods which provide the relationship between the extracted factors and rotated factors with the variables

Table No. 4.5 Rotated Component Matrix

Factors	Components					
	1	2	3	4	5	6
I like to invest in those investment avenues where I have previous experience.	.765					
I am possessive about my financial decisions	.734					
Emotions are also a factor which helps in taking investment decisions.	.731					
I consider family decisions while taking investment decisions.		.704				
Family members consider my advice in investment matters.		.732				
I consider friends advice while taking investment decision.		.690				
Before taking investment decision I would like to take advice from brokers.		.506				
I consider journals and magazines to gather information before investing.		.525				
Market conditions are also a factor which helps in taking investment decisions.			.789			
I like to invest in government securities to lower risk.			.601			
I consider risk as a factor while taking investment decisions.			.630			
Extra income induces me to invest more.				.753		
I consider returns as a factor while taking investment decisions.				.659		
Investment decision helps to build physical assets.				.797		
Investment also increases my financial strength.					.696	
I invest because it helps to maintain high standard of living.					.766	
I take investment decision independently.						.767

used in this analysis. It is technically termed as factor loadings. The value of factor loadings indicates the relationships clearly. Sixth factor consists of higher variance i.e., 66.037.

Wise investment decision helps me to become more independent about future.						.744
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Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Inference:

After doing all above tests in exploratory factor analysis, six factors are extracted. These factors are based on the rotated component matrix.

Grouping factor

1. The factor “**Emotional Connect**” explains the 1st component.
2. The factor “**Source of Information**” explains the 2nd component.
3. The factor “**Risk**” explains the 3rd component.
4. The factor “**Returns**” explains the 4th component.
5. The factor “**Financial Status**” explains the 5th component.

6. The factor “**Independency**” explains the 6th component.

From the above table, it is very clear that 4rd factor i.e., the returns that they get out of an investment has been recorded with highest factor loading of 0.797.

HYPOTHESIS

H0: There is no significant difference between the age group of respondents and their willingness to make risky investments

H1: There is a significant difference between the age group of respondents and their willingness to make risky investments

Table No. 4.6 ANOVA Analysis for age group and their willingness to make risky investments

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.689	1	5.982	2.865	.025
Within Groups	98.343	88	2.563		
Total	104.281	89			

Inference

The above ANOVA table shows that the significant value is 0.025 and it is lower than 0.05 so reject the null hypothesis. Hence there is a significance difference between the age group and their willingness to make risky investments.

LIMITATIONS:

There are few limitations of the study

1. Time available for the study is limited.
2. Data available is not sufficient to cover all aspect.
3. The area covered for the study is narrow.

FINDINGS:

Perception of working women in financial investment has revealed the following predominant factors.

- Involvement of working women in financial investment decision is well recognized.
- Level of Financial Literacy is quiet high among working women.

- Fixed deposit and investment in gold and precious stones are their preferred avenues of investment.

- Younger working women have the willingness to make risky investments.

SUGGESTION:

Lack of confidence, self-doubt and a perceived gap in skills of networking, team building, risk-taking and financial management which were the factors that women experienced as impediments. Men can be supportive to women in their financial decision making to avoid all the impediments. Government also can provide more schemes to enhance their caliber in financial decision making,

CONCLUSION:

In today's world investment decision is found to be a vital aspect. Investment pattern among working women is still existing and their attitude towards the investment pattern is unchanged. In advancement of years women

have developed their knowledge in decision making. Women who were once considered to be domestic engineer looking after their household, have now emerged to take investment decision. This proves that women are financially literate and have come forward to give suggestion to the world on the investment decision.

This study proves the purpose of awareness and involvement of working women towards the investment decisions and the level of financial literacy and independency of financial decision of working women which is fairly high. s