

# A Study of Investment Preference of Working Woman of North Gujarat Region

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**Abstract-** *Women in India are now actively participating in all activities such as education, politics, media, science and technology & becoming financial independent. With a changing scenario, women has started actively participating in investing their surplus money, though it all depends upon the various parameters such as degree of their risk taking capability, influence of family members and friends and the dare to get exposed to modern and innovative investment avenues. The research study is focused on the analysis of investment preference of working women of north Gujarat region. With that the research determines Women's awareness about different avenue & the factors affect their investment decision.*

**Keywords-** Indian working women, investment avenues, Investment awareness

## I. INTRODUCTION

The developing countries like India face the enormous task of finding sufficient capital in their development efforts. Most of developing countries find it difficult to get out of the vicious circle of poverty of low income, low saving, low investment, low employment etc. With high capital output ratio, India needs very high rates of investments to make a leap forward in the efforts of attaining high levels of growth. Since the beginning of planning, the emphasis was on investment as the primary instruments of economic growth and increase in national income. In order to have production as per target, investment was considered the crucial determinant and capital formation had to be supported by appropriate volume of saving. Economist and policymakers have observed that demographic factors like age, gender, marital status, qualifications, occupation, annual income, geographic location etc. have an impact on the investment decision. With that an investor's ability to handle risks may be related to individual characteristics such as age, time horizon, liquidity needs, portfolio size, income, investment knowledge, taxes etc.

To make financial decisions, people should be aware about all the investment alternatives. In the present day, the financial markets are quite complex, with each investor having his or her own specific financial needs based on his financial goals and risk appetite. There are a large number of investment instruments available like equity, Bond, Bank Fixed Deposit,

Company Fixed Deposit, Insurance, Post Office schemes, Mutual Funds, Real State, Share Market, Gold silver, PPF etc.. Some of them are marketable and liquid while others are non-marketable and some of them also highly risky while others are almost risk less. The people have to choose Proper Avenue among them, depending upon her/his specific need, risk preference, and return expected.

Financial investment is the purchase of a financial security such as stock, bond or mortgage. As a woman & an investor, shaping of financial future is as the many other roles they play in life. Women today, have more earning potential & more influence over financial decisions than ever before. Women represent almost half of the workforce & many businesses are owned or managed by women. It becomes important for women to focus on finances now more than ever. General profile of women investors is changing in tune with time. But they lag in various spheres of investment such as awareness and preference of investment. So, an attempt has been made by the researcher to identify the factors influencing women investor's behavior to evaluate the level of awareness among women investors and to analyze the preference of women investor towards various investment outlets. Employed women have a greater propensity to save and invest because of their independent earning power. They are also motivated by the investment behavior of their colleagues in their work place. They are supposed to be risk adverse, safety oriented and guided by certainty of returns. With increasing level of knowledge and awareness, Women are slowly participating in the risk investment portfolios and they are becoming analytic in their investment behavior.

Women in India now participate in all activities such as education, politics, media, science and technology, etc. With a changing scenario, women has started actively participating in investing their surplus money, though it all depends upon the various parameters such as degree of their risk taking capability, influence of family members and friends and the dare to get exposed to modern and innovative investment avenues. The present research study is focused on the working women's attitude towards investment and the marital status and age factors responsible for investment behavior of women. While investing, the family related matters such as child education, child marriage, life protection and medical expenses

have a much more impact on the minds of married working women than on unmarried ones.

## II. LITERATURE REVIEW

According to Prof. Priya Vasagadekar's research (2014) on working women she conclude that because of high level education, today's women are getting the best job offers with high take home pay packages. It has become the present day need for working women in India to increase their wealth. As most of the women are low in financial literacy, it becomes hardly possible for them to manage their portfolios on their own. Also the risk bearing capacity of working women in India is low. This is due to lack of sound financial knowledge.

Dr. Sarita Bahl(2012)concluded that there are younger women have already developed the plan for investment.Women working in private sector are more faith in investing their money. Women invest their money when they start earning andbecome independent. Majority of working women have invested their money. Working women invest their money in insurance plans as they are not willing to take risk to attain gain and want to have a safe future.

Dr. R. Sellappan , Ms. S. Jamuna& Ms. Tnr. Kavitha (2013) find out that married women are more curious in making investment than the unmarried. As well as the younger are mostly like to invest in shares mutual funds, insurance and fixed deposits than the older women. The middle age persons prefer to invest in real estate source of investment. So the government, Bankers and Financial institutions can introduce lot of schemes of investment based on segmentation of the age and marital status factors to acquire more funds.

Rajeshwari Jain (2014) finds that women prefer fixed deposit in bank a safe investment option & for tax saving purpose. Women also select gold as good investment

Richard B. Freeman (1979) in his analysis showed that from the late 1960s through the mid-1970s when the number of young workers increased .rapidly, the earnings of young male workers fell relative to the earnings of older male workers, altering male age-earnings profiles, particularly for college graduates. His study suggested that the increased number of young male workers was the major causal force underlying the increased earnings of older men relative to the earnings of younger men.

Bajtelsmit, V. L. &Bernasek, A. (1996) in their research study explained for gender differences in investment and risk-taking in an effort to help guide data collection and identification of relevant variables for empirical research. Hinz,

R. P., McCarthy, D. D., & Turner, J. A. (1997) studied that financial wealth had a significant and positive impact on the average level of risk chosen in a portfolio. As it was an additional measure of financial sophistication, they again confirmed the conclusion that more sophisticated investors entertain a higher average level of portfolio risk. They showed that dummy variable for having no financial wealth had no significant effect, statistically, on risk-taking.

Wang H. And S. Hanna, (1997) concluded that relative risk aversion decreased as people aged (i.e., the proportion of net wealth invested in risky assets increases as people age) when other variables are held constant. They concluded that risk tolerance increased with age and therefore rejected the constant life-cycle risk aversion hypothesis. Barber, B. M., &Odean, T. (1999) in their research article, identified that rational investors traded only if the expected gains exceeded transactions costs. Overconfident investors overestimate the precision of their information and thereby the expected gains of trading. They even traded when the true expected net gains were negative. Models of investor overconfidence predicted that, since men were more overconfident than women, men traded more and perform worse than women.

Grable, J. E., & Lytton, R. H. (1999) concluded that the classes of risk tolerance (i.e., above and below-average) differed most widely on a respondent's educational level and personal finance knowledge. These two variables contributed significantly to explaining differences between levels of risk tolerance.

Ronay., Richard & Kim Do-Yeong. (2006) suggested that measuring individual variations in risk-taking propensity within laboratory contexts alone could be misleading. At least in the case of males, it appeared that individuals' attitudes towards risky decisions could significantly deviate from their explicitly expressed attitudes when placed in a group context. This finding not only had a bearing on the issue of physical accidents resulting from risk-taking, but could also be taken as an argument for the benefits of gender balance within decision making bodies. Increasing gender diversity within predominantly male business and government decision making bodies could help disrupt drifts towards bad decisions arising out of high levels of group cohesion (Janis, 1982).

Herrmann, Andrew. F. (2007) provided the estimation results and discussed that supported the initial hypotheses regarding the roles of race/gender in investment preferences. Using multiple specifications and leveraging multiple risk/return measures, the evidence pointed to significant effects with respect to both race and gender.

Croson, R., &Gneezy, U. (2009) discussed a number of studies that demonstrated how strongly (and in what direction) social preferences manifest themselves in men and in women. They included evidence on altruism and inequality aversion from ultimatum and dictator game studies. They also included evidence on reciprocity from studies using trust and related games. Finally, they briefly mentioned a large number of older studies using the Prisoners' Dilemma game and discussed in more detail various studies using social dilemmas and/or public goods provision games.

GauravKabra (2010) concluded that the modern investor is a mature and adequately groomed person. In spite of the phenomenal growth in the security market and quality Initial Public Offerings (IPOs) in the market, the individual investors prefer investments accordingly which again depends on the investors' demographic characteristics. Hence, it becomes very vital to assess and understand the investor.

According to Gaur Arti (2011) Female investors tend to display less confidence in their investment decisions and hence have lower satisfaction levels and female investors are more cautious vis-à-vis males with regards to prospective investment in equity shares especially if availability of funds is low.

Puneet Bhushan & Yajulu Medury (2013) concluded that women are more conservative and takes less risk and significant gender differences occur in investment preferences for health insurance, fixed deposits and market investments among employees.

V.R.Palanivelu&K.Chandrakumar (2013) highlights that certain factors of salaried employees like education level, awareness about the current financial system, age of investors etc. make significant impact while deciding the investment avenues.

### III. OBJECTIVE OF RESEARCH

#### Main Objective

The main objective of the research is to study investment preference of working women of North Gujarat Region.

#### Sub Objective

With that research is also focused on the main reasons of investment & the source of information from which the working women get information of different investment avenue.

### IV. METHODOLOGY/APPROACH

In simple terms methodology can be defined as, it is used to give a clear cut idea on what the researcher is carrying out his or her research. In order to plan in a right point of time and to advance the research work methodology makes the right platform to the researcher to mapping out the research work in relevance to make solid plans.

Both the primary and secondary data shall be used for carrying out the research work. Secondary data shall be collected from periodicals, journals, magazines, newspapers, websites and other reference material. Primary data shall be collected with the help of structured questionnaire.

#### Research Design

Descriptive Research Design is used as researcher wants to gain a better understanding of investor, the design used will help in the exploring the investor.

#### Data Sources:

Both primary and secondary data sources shall be used. Primary data shall be collected from questionnaire while, secondary data shall be collected from various sources like books, magazines, journals, internet, etc.

#### Sampling Unit

The study aims to measure the investment pattern of individuals on the basis demographic characteristics. The sampling unit consists of respondents who are working women of North Gujarat Region.

#### Sample Size

For the purpose of the study, total of 100 respondents have been studied.

#### Sampling Method

For collecting the responses from the customers Convenience Sampling Method, which is a classification of Non – Probability Sampling Methods shall be used.

#### Instrument

For the purpose of the study Non-Disguised Structured Questionnaire shall be used.

**Data Analysis Techniques:**

For analyzing the data collected, software like Microsoft Excel and SPSS shall be used.

**Place of Work:**

The research shall be carried out in major cities of North Gujarat.

**Analysis:**

The responses were compared with the demographic data by applying Chi-Square Test and results found are as following.

Table 1: Investment Avenue and Purpose of Investment

Demographic Variables	Factors	Do you Invest			Asymptotic Sig
		Yes	No	Total	
Age	21-25	4	12	16	0.001
	26-30	6	6	12	
	31-35	24	11	35	
	36-40	18	4	22	
	More than 40	13	2	15	
	<b>Total</b>	<b>65</b>	<b>35</b>	<b>100</b>	
Education	SSC or Less	1	3	4	0.468
	HSC	3	2	5	
	Graduation	27	15	42	
	Post-Graduation	30	14	44	
	Doctorate	4	1	5	
	<b>Total</b>	<b>65</b>	<b>35</b>	<b>100</b>	
Income (Monthly Family Income)	20,000 or less	2	11	13	0.000
	20,001 to 30,000	1	5	6	
	30,001 to 40,000	12	8	20	
	40,001 to 50,000	7	6	13	
	50,001 to 60,000	21	2	23	
	60,001 to 70,000	15	3	18	
	70,001 or more	7	0	7	
	<b>Total</b>	<b>65</b>	<b>35</b>	<b>100</b>	

As it is very clear from the table that respondents with various demographics, share different relationship with investment. From the data it is clear that age is significantly associated with Investment, it is also clear from the data set that as the age increases tendency to invest increases. For education, there is no significant relationship with investment. As we have only taken working women, irrespective of the education they tend to save/invest money. And that could be the principle

reason why there is no significant relationship between education and Investment. In the case of relationship between monthly family income and investment there is a significant relationship between both. As the income increases the chances of investment also increases which is evident in the data set.

It is also very important to understand why respondents invest in particular Investment Avenue and what is

the purpose of the investment, hence a cross-tabulation between both has been studied.

Table 2: Investment Avenue and Purpose of Investment

	Child ren's Futur e	Retir emen t	Healt h care	Hom e purch ase	Long term grow th & inco me	Tax savin gs	Futur e Finan cial Resp onsib ilities	High Retur ns	Other :	Total
Investment in Gold & Silver	5	12	9	6	19	16	18	8	5	98
Real Estate	13	12	10	5	6	12	15	4	15	92
Fixed Deposit in Bank	10	13	3	15	7	13	4	11	13	89
Post office savings schemes	15	5	7	7	12	11	12	4	8	81
Insurance	11	11	5	8	3	6	9	9	12	74
Chit Fund	11	15	6	8	12	3	4	5	10	74
Bond	7	15	7	13	10	4	8	4	5	73
Public Provident Funds (PPF)	11	4	2	11	8	8	2	14	9	69
Share / Stock	3	4	9	8	4	7	4	8	8	55
Mutual Fund	1	4	9	4	4	4	7	10	6	49
Commodity Market	8	3	6	1	3	1	2	8	3	35
Investing in Art	3	3	4	1	2	2	5	1	2	23
FOREX Market	2	1	0	0	3	0	1	4	1	12
Other:	1	2	1	1	1	2	1	1	1	11
<b>Total</b>	<b>101</b>	<b>104</b>	<b>78</b>	<b>88</b>	<b>94</b>	<b>89</b>	<b>92</b>	<b>91</b>	<b>98</b>	<b>835</b>

The above table shows that for various purpose investors invest various avenues. To further strengthen, chi-square test was applied to check whether the data shows any

patterns. As a resultant of chi-square asymptotic Significance was 0.000 which is less than 0.05, hence it clearly states that there is a significant relationship between various investment avenues and purpose of investment.

## V. CONCLUSION

From the study it is evident that working women invest in various investment avenues. In addition to that understanding the demographics with the help of the Chi-Square test, it was found that there is no relationship between education with investment while there is significant relationship between Age and Income.

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