

A STUDY ON INVESTMENT BEHAVIOUR OF SALARIED WOMEN WITH SPECIAL REFERENCE TO COIMBATORE CITY

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Abstract

Modern economy not only paves way for national development but also for women empowerment. From the recent two decades it witnessed that women earn on par with men. She contributes equally to upgrade wealth of the family and manages the family finance effectively. But there is question “Are women wise savers and investors?”. Research conducted by various parts of the world shows the negative results. 90% of dual income families are dominated by men investors. Because women involvement in investment decisions, risk tolerance levels, attitude towards and confidence in investing, preferences for learning about investment strategies tend to be much lower. If at all they invest, their investment behaviour is different from men. Many researchers have concluded in their study that there is a gender influence in investment behavior. This study aims to explore investment preferences of women, their investment objective and their financial independency in decision making.

Key Words: Wise Investors, Risk Tolerance, Gender Difference

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Introduction

Individuals engage in one or other occupation to earn their livelihood. Some may earn from a single source and others may have multiple sources. The income that a person receives may be used for purchasing goods and services that he may require in future. Investment is an activity that is engaged in by people who have savings i.e., investments are made from savings, or in other words people invest their savings. Investment behaviors' differ from individual to individual. Investors have different attitudes towards risk and varying levels of risk bearing capacity. Some investors are risk averse while some may not have affinity to risk. Hence key factors influencing investment strategies and investment decision making differ from person to person.

Review of Literature

1. Tahira Hira (2006) conducted study on Gender difference in investment behavior and presented a report to the NASD investor education foundation. The overall purpose of this research project is to gain knowledge about key factor that influence investment behaviour and way these key factors impact investment decision making process among men and women. The author found out that more women than men indicated that they were responsible for daily money management tasks; A majority of the respondents indicated that they made investment decisions jointly with their spouse or partner and invested in stocks or mutual funds. A majority of the women in the study preferred taking above average or substantial investment risk.

2. Master card Survey Women have stronger money management skills than men in areas such as everyday financing and planning but struggle around more complex financial concepts, according to results of the latest MasterCard survey on Consumer Purchasing Priorities – Money Management. Respondents across seven[Asia/Pacific markets were questioned on their ability to handle everyday budgeting; keeping track of expenses; paying bills on time; knowledge of compound interest, and whether paying minimum amounts on unstructured loans such as credit cards was a good idea. The survey polled consumers on various aspects of financial literacy such as their basic money management skills, investment knowledge and financial planning. It was conducted from 15 March to 27 April 2011 and involved 4,359 consumers from the seven markets. Data collection was via internet surveys, personal, telephone and Computer Aided

Telephone interviews, with the questionnaire translated to the local language wherever appropriate and necessary. The survey concluded that it is very encouraging to see that women have a good understanding of how to manage everyday finances, and are responsibly thinking about finances for the future.

3.Clifford Paul S. & Dr.Joseph Anbarasu(2008) the study has conducted with the objective of finding factors influencing saving and to study the contribution of insurance to savings. The Study reveals educational qualification plays an important role in influencing the saving pattern. Awareness of investment return and investment avenues is very poor. People feel that insurance is only for the purpose of risk and tax.

Objectives:

1. To find out women's preferences towards various investment avenues.
2. To examine women's financial independency in investment decisions
3. To explore Women's investment objectives
4. To find out the association between age and investment objective of women

Research methodology

The Research Design adopted for the present study is descriptive in nature. Questionnaires were used to collect primary data. Sampling design used in this study is simple random sampling method. The study contains sample size of 150 respondents. The target group of respondents are the salaried class of women who employed in central, state and semi-government, private and other category of employment. The geographical area of Coimbatore city was chosen as the universe in this study. Frequency distribution, weighted average method and Chi-square Analysis were done.

Data Analysis and Interpretation**I. Investment in Various Investment Alternatives****Table No: 01**

S.No	Investment Avenues	Yes		No		Total Frequency
		Frequency	Percent	Frequency	Percent	
1	Savings Account	144	96.0	6	4.0	150
2	Fixed Deposits	80	53.3	70	46.7	150
3	Employer provident fund	109	72.7	41	27.3	150
4	Investment in chit funds.	79	52.7	71	47.3	150
5	Insurance policy	97	64.7	53	35.3	150
6	Stock Investment	54	36.0	96	64.0	150
7	Mutual fund.	72	48.0	78	52.0	150
8	Real estate	73	48.7	77	51.3	150
9	Gold Investment	81	54.0	69	46.0	150
10	Post Office Deposits.	77	51.3	73	48.7	150

Inference

From the above table it is inferred that 96% of the respondents have savings accounts, 50% of the respondents are also invested in fixed deposits, Chit funds, Insurance policies, Mutual funds, Real estates and Gold. It is noticeable that only 36% of the respondents are interested in Stock market investments.

II. Investment Decisions

The following table shows the financial independency of women in taking investment decisions

Table No: 02

Particulars	Frequency	Percent	Valid Percent	Cumulative Percent
By Yourself	61	40.7	40.7	40.7
By Spouse(Husband)	17	11.3	11.3	52.0
Both yourself and your spouse	59	39.3	39.3	91.3
By spouse and any other family members	13	8.7	8.7	100.0
Total	150	100.0	100.0	

Inference

From the above table it is inferred that 40% of the women take investment decision by them. 59% of Women are making their investment decisions jointly with spouse.

II. Investment Objectives of Investors

The following table shows the distribution of respondents according to their opinion on investment objective.

Table No: 03

Particulars	Frequency	Percent	Valid Percent	Cumulative Percent
Substantial financial risk to earn substantial return	9	6.0	6.0	6.0
Above average risk for above average return	31	20.7	20.7	26.7
Average risk for average return	43	28.7	28.7	55.3
No financial risk	49	32.7	32.7	88.0
Below average risk for below average return	18	12.0	12.0	100.0
Total	150	100.0	100.0	

Inference

From the above table it is inferred that 33% of respondents do not prefer financial risks for their investment. 29% of respondents prefer average risk and return for their investment. Only 6% of respondents prefer substantial financial risk to earn substantial return

IV. Investment Objective Priorities - Weighted Average Method**Table No 4**

Particulars	1	2	3	4	5	Total	Rank
Safety of money	105	12	15	9	9	645	1
Liquidity	2	25	50	42	31	375	4
Growth	20	71	30	15	14	518	2
Tax saving	20	13	21	30	66	341	5
Income	15	29	33	55	28	428	3

Inference

From the above table it is inferred that most of the respondents ranked 1st to safety of money in their investment. Then they expect growth in their investment. Tax exemption is ranked as 5th by the respondents.

CHI-SQUARE ANALYSIS**RELATIONSHIP BETWEEN AGE AND INVESTMENT OBJECTIVE****Null Hypothesis(H₀)**

There is no significant relationship between age and investment objective.

Alternative Hypothesis (H₁) There is a significant relationship between age and investment objective.

Table No: 5

Age * Investment Objective Cross tabulation

Particulars	Investment Objective					Total
	Substantial financial risk to earn substantial return	Above average risk for above average return	Average risk for average return	No financial risk	Below average risk for below average return	
Age Below25 Count	3	10	5	15	2	35
Expected Count	2.1	7.2	10.0	11.4	4.2	35.0
26-35 Count	1	10	15	11	6	43
Expected Count	2.6	8.9	12.3	14.0	5.2	43.0
36-45 Count	4	6	11	12	5	38
Expected Count	2.3	7.9	10.9	12.4	4.6	38.0
46-55 Count	0	3	5	7	1	16
Expected Count	1.0	3.3	4.6	5.2	1.9	16.0
56-60 Count	1	2	7	3	4	17
Expected Count	1.0	3.5	4.9	5.6	2.0	17.0
above 60 Count	0	0	0	1	0	1
Expected Count	.1	.2	.3	.3	.1	1.0
Total Count	9	31	43	49	18	150
Expected Count	9.0	31.0	43.0	49.0	18.0	150.0

Chi-Square Tests

	Value	Degree of freedom	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.277 ^a	20	.504
Likelihood Ratio	20.975	20	.399
Linear-by-Linear Association	1.372	1	.241
N of Valid Cases	150		

a. 18 cells (60.0%) have expected count less than 5. The minimum expected count is .06.

Inference

The calculated value of chi-square is greater than table value, therefore null hypothesis is accepted. There is no significant relationship between age and investment objective. The investment objective is differing from various age group of respondent.

Findings:

- More than 50 % of the respondents are preferred to invest more in bank savings account, fixed deposits, real estate and gold. Stock market investment is least preferred by women due to its high risk
- 61% of respondents have financial independency in taking investment decisions
- 33% of respondents do not prefer financial risk for their investment. 29% of respondents prefer average risk and return for their investment. Only 6% of respondents prefer substantial financial risk to earn substantial return.
- There is no significant relationship between age and investment objective.

Suggestions

- Women investors even if they are of highly income, well educated, salaried are prefer to play safe in the investment avenues. The investment product designer can cater to the investors who are low risk tolerant and use TV as a marketing media as they seem to spend long time watching TVs and Radios.

- The women investors still prefer to invest in financial product which give risk free return so the investment company should create awareness among women about new concepts and products.
- Most investors prefer to park their funds in avenues like life insurance, FD, gold, savings account and employer PF.

Conclusion

Capital formation through savings and investment is a necessary pre-condition for economic development of a country. In this process, savings and investment of household plays a major part and that can be transferred to capital formation. This necessitates encouragement of women in savings and investment. Women are responsible not only for family wealth but also for the wealth of the nation. In this study, by examining the behavior of women, this would definitely give suitable suggestions to financial services sector to develop suitable policies to attract women investors.

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