A study on the investment behavior of working women with reference to Chennai city

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ABSTRACT

Savings lead to investment and investment leads to capital formation of the country’s economy. In India, household sector occupies the prime place as far as savings is concerned. In olden days, women’s income was just an additional income. But nowadays, women’s income plays an important role in the family. Women’s investment is necessary to meet the uncertain future emergencies in the family. A number of studies have revealed that women and men have different investment behavior. Women hold low risk tolerance and also earn less return from their investments. This research paper was conducted to study the investment behavior of working women. The study examines the awareness level and current investment pattern towards various investment avenues like bank deposit, insurance, postal savings, bonds, debentures, shares, chit fund, real estate, mutual funds and gold. In addition, the study has also made efforts to find out the most influencing factor for making investment decision. Efforts have also been made to study the most preferred investment portfolios by the working women.

KEY WORDS: savings, investors, working women, investment behavior, influencing factors

INTRODUCTION

Savings lead to investment and investment leads to capital formation of the country’s economy. In our country, household sector occupies the predominant place as far as savings is concerned. Every individual earning, spend it to fulfill individual needs or family needs. As one need gets fulfilled, another one appears. According to Maslow’s Need-Hierarchy theory, when basic needs are fulfilled, other needs appear. Therefore, income or investment is spent for various requirements like education, household equipment, purchasing house, meeting medical expenses, marriage etc. The underlying motto of any investor is to gain fair returns. A number of studies have proved that women and men have different investment behavior. Women hold low risk tolerance and also earn less return from their investments. Unless like
olden days where women went to work just to support the family, today working women focus is on safety, liquidity, income stability and tax benefit. This study undertakes to determine the investment behavior of working women in Chennai city.

**REVIEW OF LITERATURE**

Rekha G & Vishnupriya R, (2019), studied the awareness about investment avenues, the investment pattern of working women and factors influencing their investment decision using both primary and secondary data among 148 respondents at Coimbatore city found that investment for ‘Children education’ was the most influential factor. It was also found that there was significant difference in the factors influencing investment among employees belonging to various occupation.

Amsaveni M & Nithyadevi M, (2018), studied to identify the investment pattern among working women and to study the level of attitude among them towards investment avenues among 100 working women in Trippur district found that the most influencing factor was profitability and the second factor was safety followed by liquidity, prestige, stability, transferability and speculation.

Venkatesh G C & Surya Prakash Rao B K, (2018), studied to identify the investor’s perception towards investment portfolio in Vijayawada city with an objective to analyse the investors decision towards investment portfolio among 120 investors. Analysis using various statistical tools revealed that the investor’s choices on investment decisions are same among both men and women.

Kaur J & Arora N, (2018), analysed 150 investors’ responses to identify the investor’s perception towards mutual funds as an investment option in Punjab. It was found that investors preferred investment in mutual funds due to higher returns in growth fund schemes. It was also found that each investor had his own goal of mutual fund investment.

Jisha V G, (2017), analysed the perception of investment pattern among urban working women in Coimbatore city and found the factors influencing the savings and investment pattern. Results revealed that factors influencing awareness level and factors influencing
benefits were related. Safety of funds were given priority by the investors while making investment.

OBJECTIVES OF THE STUDY

1. To find out the various investment portfolios opted by working women.
2. To rank the most preferred invested portfolio.
3. To find out the influencing factors for investment decisions.

LIMITATIONS OF THE STUDY

- The study is based on perception of working women.
- The study area is Chennai city.

RESEARCH METHODOLOGY

This is a descriptive and analytical study. Simple random sampling was used to select 120 women respondents in Chennai. Primary data was collected using a well-structured questionnaire. Secondary data was collected from journals, magazines, publications, reports, research paper, websites etc. Percentage analysis, Factor analysis and ANOVA are the statistical tools used for the study.

ANALYSIS OF DATA

Investment portfolio decision of respondents

<table>
<thead>
<tr>
<th>Investment portfolios</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank deposit</td>
<td>35</td>
<td>29.16%</td>
</tr>
<tr>
<td>Insurance</td>
<td>13</td>
<td>10.8%</td>
</tr>
<tr>
<td>Postal savings</td>
<td>15</td>
<td>12.5%</td>
</tr>
<tr>
<td>Life insurance</td>
<td>17</td>
<td>14.2%</td>
</tr>
<tr>
<td>Bonds/debentures</td>
<td>2</td>
<td>1.67%</td>
</tr>
<tr>
<td>Gold</td>
<td>27</td>
<td>22.5%</td>
</tr>
<tr>
<td>Shares</td>
<td>3</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
Table 1 shows that 29.16% have made their investment in bank deposits, while 22.5% of respondents have invested in gold and 14.2% of respondents have opted for Life Insurance.

**Ranking of the Portfolios considering risk factors**

Weighted average method was used to rank the preferred investment portfolios.

<table>
<thead>
<tr>
<th>INVESTMENT PORTFOLIOS</th>
<th>VERY HIGH</th>
<th>HIGH</th>
<th>LOW</th>
<th>VERY LOW</th>
<th>TOTAL</th>
<th>( \frac{\sum(x_iw_i)}{\sum(w_i)} )</th>
<th>RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank deposit</td>
<td>14</td>
<td>8</td>
<td>39</td>
<td>59</td>
<td>120</td>
<td>21.7</td>
<td>IX</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>13</td>
<td>19</td>
<td>57</td>
<td>31</td>
<td>120</td>
<td>25.4</td>
<td>VII</td>
</tr>
<tr>
<td>Postal savings</td>
<td>8</td>
<td>10</td>
<td>48</td>
<td>54</td>
<td>120</td>
<td>21.2</td>
<td>X</td>
</tr>
<tr>
<td>Life insurance for family</td>
<td>17</td>
<td>18</td>
<td>38</td>
<td>47</td>
<td>120</td>
<td>24.5</td>
<td>VIII</td>
</tr>
<tr>
<td>Bonds/debentures</td>
<td>26</td>
<td>49</td>
<td>35</td>
<td>10</td>
<td>120</td>
<td>33.1</td>
<td>V</td>
</tr>
<tr>
<td>Gold</td>
<td>25</td>
<td>23</td>
<td>43</td>
<td>29</td>
<td>120</td>
<td>28.4</td>
<td>VI</td>
</tr>
<tr>
<td>Shares</td>
<td>49</td>
<td>38</td>
<td>24</td>
<td>9</td>
<td>120</td>
<td>36.7</td>
<td>I</td>
</tr>
<tr>
<td>Chit funds</td>
<td>54</td>
<td>30</td>
<td>24</td>
<td>12</td>
<td>120</td>
<td>36.6</td>
<td>II</td>
</tr>
<tr>
<td>Real estate</td>
<td>49</td>
<td>31</td>
<td>30</td>
<td>10</td>
<td>120</td>
<td>35.9</td>
<td>III</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>37</td>
<td>36</td>
<td>36</td>
<td>11</td>
<td>120</td>
<td>33.9</td>
<td>IV</td>
</tr>
</tbody>
</table>

Source: Primary data

Table 2 shows the ranking of the preferred investment portfolios. The investment made in ‘shares’ has the highest risk as it is ranked I, followed by ‘chit funds’ and ‘real estate’, ‘mutual funds’ and ‘bonds/debentures.’

**INFLUENCE OF ANNUAL INCOME ON INVESTMENT**

ANOVA test was used to test the influence of annual income on investment.
Table 3: INFLUENCE OF ANNUAL INCOME ON INVESTMENT

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>25.805</td>
<td>2</td>
<td>12.902</td>
<td>7.696</td>
<td>.001</td>
</tr>
<tr>
<td>Within Groups</td>
<td>196.162</td>
<td>118</td>
<td>1.677</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>221.967</td>
<td>120</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Questionnaire

Table 3 shows that the calculated F-ratio value is 7.696 which is greater than the table value 0.001. Since the calculated value is greater than the table value, it is inferred that the annual income of the respondents influences working women investment pattern.

FACTORS INFLUENCING THE INVESTMENT PATTERN OF WORKING WOMEN

Table 4: KMO and Bartlett's Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | .882 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 638.863 |
| Df | 66 |
| Sig. | .000 |

The KMO value is 0.882 is greater than 0.6 and Barlett’s test of sphericity showed a significance of 0.000. Hence, it can be concluded that the variables regarding the investment behaviour of working women on the various investment portfolio were normally distributed and have the potentiality to form the factors.

Table 5: Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>5.71</td>
<td>47.609</td>
<td>47.609</td>
</tr>
<tr>
<td>2</td>
<td>1.07</td>
<td>8.944</td>
<td>56.553</td>
</tr>
<tr>
<td>3</td>
<td>.952</td>
<td>7.932</td>
<td>64.485</td>
</tr>
<tr>
<td>4</td>
<td>.751</td>
<td>6.256</td>
<td>70.741</td>
</tr>
<tr>
<td>5</td>
<td>.709</td>
<td>5.908</td>
<td>76.650</td>
</tr>
</tbody>
</table>
Extraction Method: Principal Component Analysis

Table 5 shows that the 12 variables were reduced into 2 predominant factors with cumulative variance 56.553%. The first factor is named as “Motive of investment” and the 2nd factor is named as “Strength with wealth”. These 2 factors individually possess the variance of 31.7185% and 24.835%.

Table 6: Rotated Component Matrix*

<table>
<thead>
<tr>
<th>Component</th>
<th>Component</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helps in planning luxurious family trip</td>
<td>Motive of investment</td>
<td>Strength with wealth</td>
</tr>
<tr>
<td>Improves my capacity to purchase new assets</td>
<td>.751</td>
<td></td>
</tr>
<tr>
<td>It helps in meeting extra household expenses</td>
<td>.711</td>
<td></td>
</tr>
<tr>
<td>Savings increases my family income</td>
<td>.710</td>
<td></td>
</tr>
<tr>
<td>Enhances my ability to provide abroad education for my children</td>
<td>.691</td>
<td></td>
</tr>
<tr>
<td>Helps to maintain high standard of living</td>
<td>.627</td>
<td></td>
</tr>
<tr>
<td>Financial strength gives me social recognition</td>
<td>.556</td>
<td></td>
</tr>
<tr>
<td>Wise usage of money</td>
<td></td>
<td>.782</td>
</tr>
<tr>
<td>Able to meet unexpected medical expenses</td>
<td></td>
<td>.761</td>
</tr>
<tr>
<td>Creates confidence and awareness about future</td>
<td></td>
<td>.675</td>
</tr>
<tr>
<td>Sense of financial independence for future</td>
<td></td>
<td>.673</td>
</tr>
<tr>
<td>Able to plan for higher education for children</td>
<td></td>
<td>.624</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalisation *
Rotation converged in 3 iterations

Tables 5 and 6 shows that the 12 variables were reduced into 2 predominant factors with cumulative variance 56.553%. The first factor is named as “Motive of investment” and the 2nd factor is named as “Strength with wealth”. These 2 factors individually possess the variance of 31.7185% and 24.835%.
FINDINGS

- The respondents are very conventional as 29.16% have made their investment in Banks followed by investment in gold, post office and life insurance.
- Respondents considers investment in shares as high risk and it is ranked I in the risk factor followed by chit funds and real estates.
- ANOVA results revealed that annual income of the respondents influence their investment plans.

SUGGESTIONS

Bankers and financial advisors should take steps in educating the public to invest in various investment portfolios. According to the study, working women are very conventional though the return on investment in conventional methods are low. Awareness about investment in shares and stock market should be created among working women as this sector has high growth potential.

CONCLUSION

Women prefer to invest in risk free or low risk avenues. Lack of awareness is the major reason for women not investing in avenues with risk factor. Various measures should be taken to create awareness about the various investment avenues for working women.

REFERENCES


Maslow A.H, Motivation and Personality, 1964, p82.