

## **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 1:** Investment by respondents in various portfolio

Investment portfolios	No. of respondents	Percentage
Bank deposit	35	29.16%
Insurance	13	10.8%
Postal savings	15	12.5%
Life insurance	17	14.2%
Bonds/debentures	2	1.67%
Gold	27	22.5%

Shares	3	2.5%
Chit funds	2	1.67%
Real estate	4	3.33%
Mutual funds	2	1.67%
Total	120	100%

Source: Primary data

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 2 : Ranking of the Portfolios considering risk factors**

INVESTMENT PORTFOLIOS	VERY HIGH	HIGH	LOW	VERY LOW	TOTAL	$\frac{\sum(x_i w_i)}{\sum(w_i)}$	RANK
	4	3	2	1	10		
Bank deposit	14	8	39	59	120	21.7	IX
Life Insurance	13	19	57	31	120	25.4	VII
Postal savings	8	10	48	54	120	21.2	X
Life insurance for family	17	18	38	47	120	24.5	VIII
Bonds/debentures	26	49	35	10	120	33.1	V
Gold	25	23	43	29	120	28.4	VI
Shares	49	38	24	9	120	36.7	I
Chit funds	54	30	24	12	120	36.6	II
Real estate	49	31	30	10	120	35.9	III
Mutual funds	37	36	36	11	120	33.9	IV

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**

INVESTMENT					
	<i>Sum of Squares</i>	<i>Df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
<i>Between Groups</i>	25.805	2	12.902	7.696	.001
<i>Within Groups</i>	196.162	118	1.677		
<i>Total</i>	221.967	120			

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 Bartlett'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**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.713	47.609	47.609	5.713	47.609	47.609	3.806	31.718	31.718
2	1.073	8.944	56.553	1.073	8.944	56.553	2.980	24.835	56.553
3	.952	7.932	64.485						

4	.751	6.256	70.741					
5	.709	5.908	76.650					
6	.565	4.710	81.360					
7	.509	4.245	85.605					
8	.482	4.018	89.623					
9	.424	3.536	93.159					
10	.298	2.487	95.646					
11	.277	2.312	97.958					
12	.245	2.042	100.000					
Extraction Method: Principal Component Analysis								

**Table 6: Rotated Component Matrix\***

	Component	
	Motive of investment	Strength with wealth
Helps in planning luxurious family trip	.751	
Improves my capacity to purchase new assets	.711	
It helps in meeting extra household expenses	.710	
Savings increases my family income	.707	
Enhances my ability to provide abroad education for my children	.691	
Helps to maintain high standard of living	.627	
Financial strength gives me social recognition	.556	
Wise usage of money		.782
Able to meet unexpected medical expenses		.761
Creates confidence and awareness about future		.675
Sense of financial independence for future		.673
Able to plan for higher education for children		.624
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 2<sup>nd</sup> 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.

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