

“A Study on Investment preferences of working women in urban area special reference to Ernakulum District”

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ABSTRACT--*Investment helps in growing our fund. People now a days are widely involved in many different investment activities. Investments also helps in growth of an economy. In the earlier days only a few women had a source of income on their own.so, only a very few women were involved in investment activities. In the present-day’s world, women are well educated and most of them have a source of income on their own. But, unlike the men women undertake investment only on a small scale, their major investment avenues being gold and bank deposits. The investing decision of each differs based on their intention some are focused on high returns whereas others look for the security. This study deals with the investment preferences among women and factors that influences women for selecting the avenues from a sample size of 50 respondents by conducting survey through questionnaire in Ernakulam District, Kerala. The data has been analyzed through Chi- square test. This study explores the fact that the salaried women prefer safety and secured returns. The study also shows that age has a significant influence on investment preference.*

Keywords-- *working women, investment avenues, investment pattern, investment decision*

I. INTRODUCTION

Today every person who has a source of income set aside a considerably major portion of their income for the sole purpose of investment. Investments are made with an aim of getting an extra return. There are different type of investments that one can undertake like fixed deposits, post office deposits, life insurance, provident fund, stocks, bonds, mutual funds, gold etc. The purpose of investment differs from one person to another. Unlike in the past days, women who have a source of income are making investments with their own funds. In the past, women mostly made investments in jewelries. In the present world women through haven’t ventured into risky investments, but invests into products that guarantee a fixed return. There is a shift in the position of women from savers to investors

II. STATEMENT OF PROBLEM

This study focuses on investment preferences of the salaried class of working women based on the age of the respondents and educational qualification of respondents. Even though there is an increase in the number of

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working women, there is no corresponding increase in the number of women investors. Though women in general are not considered good investors, recent researches have shown that women are better at investment compared to men. The investment preferences of women are different from men and how it differs depending on different factors will be analyzed in their study

III. SCOPE OF THE STUDY

There are a number of investment avenues that women haven't still explored. This study throws light into the different investment pattern that women can undertake. The findings of the study could be useful in spreading awareness about the different investment avenues that women can undertake. It is also useful to the creators of financial securities as they will be able to develop new products that can meet the needs of women investors.

IV. OBJECTIVES

Primary:

- To understand the relationship between age and investment preferences of salaried class of working women in urban area.

Secondary:

- To understand the relationship between educational qualification and investment preference of salaried class of working women in urban area
- To study the factors influencing investment decisions.
- To study the different investment avenues preferred by the investor

V. RESEARCH METHODOLOGY

This research was performed by collecting primary data through issue of questionnaires and secondary data from various published sources available on websites, books etc. Chi-Square is used to analyze investment preference among salaried working women. Convenient sampling method is used to collect data from 50 samples.

VI. HYPOTHESIS

H1: There is a significant relationship between the age of the respondents and investment preferences

H2: There is a significant relationship between educational qualification and investment preferences

VII. REVIEW OF LITERATURE

Lease Ronald (1974) conducted a study entitled "the individual investor attribution and attitudes". This work was conducted through the issue of questionnaires to 990 American shareholders. Through this study it was concluded that a positive correlation exist between age and percentage of portfolio that was invested into income securities. The study also revealed that a negative correlation exist between annual income and the percentage of portfolio invested into income securities.

Thirumavalavan P (1987) in the study entitled as “A study on the new issue market in India and its investors behavior in Madurai city” concluded that investors prefer equity shares compared to other securities.

Lewellen Wilbur G et.al (1977) conducted a study titled “Patterns of Investment Strategy and Behavior among Individual Investors”. This paper attempted to discover decision making process of individual equity investors and shows that young investors prefer short terms capital gains while the older investors preferred long term capital gains and also reveals that women investors are broker dependent unlike the men.

National Council of Applied Economic Research (NCAER 1964) conducted a study entitled “Attitude towards and motivations for saving” which concluded that high income households preferred investment in securities.

Ratnavel (1922) conducted a study entitled “Evaluation of tax saving investment schemes” concluded that provident fund and mutual fund investments are the most preferred tax reducing investment schemes.

Pulpre Balakrishnan (1966) in his study titled “Savings Rate in Indian since 1991” attempts to learn the latest trends related to savings behavior in India. Through the study it was identified that the total savings in the economy were about 22 percent of economy were about 22 percent of which 19 percent was contributed by the household sectors. The financial assets were about 15 percent and 7 percent were physical assets.

Shanmugan. R. (1997) conducted a research study entitled “decision process of individual investors”. This study was conducted using primary data collected from the shareholders of Coimbatore district, the paper concluded that, most of the investors belonged to salaried class and they prefer making long term investments

Raj M S (1998) published an article titled “Financial Behavior of an Investor” shows that investors prefer making investment decisions on their own. Information from relatives, friends, medias and consultants have no significance. Investment decision depends on factors like safety, liquidity, convenience and price. This work concludes that investors prefer investing in safe avenues such as cash and bank deposits

ORG-Marg Research Organization (1999) conducted a survey on “Investors Choices over the Investment Avenues” which concluded that majority of the investor’s preferred fixed deposits in bank.

Bandgar P.K (2000) in his article “A study of Middle class Investors preference for Financial Investments in Greater Bombay” attempted to study the investment preference of middle class investors, their behavior and problems. Primary data was collected through questionnaire. This work showed that even through middle class investors are highly educated they lack the skill and knowledge to invest. This work also showed that female investors preferred risky investments compared to men.

Gupta L.C et.al (2001) in an article on “Indian Household’s Investment preference” concluded that there is a noticeable shift in investor’s preference from shares to high quality bonds.

Statman (2002) conducted a study “A Centaury of Investors” which compared today’s investors with the investors a hundred years ago. This study concluded that today’s investors are quickly informed but they are not better informed.

Dr.V. HShobhana and J.Jayalakshmi (2006) conducted a research entitled “Investor awareness and preferences”. This study attempts to discover the level of awareness of investor regarding the different investment options and their risks. If study found that awareness was high among the respondents who are aged, educated and professionals by occupation. The review also analyzed that investment in real estate is favored by most of the respondent. The second most opted investment avenue is bank deposit.

GnauaDesigan.C et.al. (2006) published a study on “Women Investors perception towards investments-An Empirical Study” Focused on Women Investment Patterns and concluded that women preferred investing in bank deposits and precious metals.

S.Hema (2007) in her study “A study on Investment Behavior of Women Investors in palani” attempted to analyze the various investment avenues that are available for women investors. This work shows that most of the respondent prefer only bank deposits as they are considered safe. Other investment avenues preferred are life insurance schemes and deposits in gold.

VIII. ANALYSIS AND INTERPRETATION

Table 1: Chi-Square Test (Age and investment preference)

	Value	df	Asymp. Significance (2-sided)
Pearson Chi-Square	27.743 ^a	8	.001
Likelihood Ratio	30.281	8	.000
Linear-by-Linear Association	12.144	1	.000
No of Valid Cases	50		

Interpretation:

The value of Pearson Chi-Square is 0.001, which is less than 0.05. Therefore it can be inferred that there is a significant relationship between age and investment preference of the respondents

Table 2: Chi-Square Test (Educational qualification and investment preference)

	Value	df	Asymp. Significance (2-sided)
Pearson Chi-Square	10.230 ^a	8	.249
Likelihood Ratio	14.171	8	.077
Linear-by-Linear Association	1.078	1	.299
No of Valid Cases	50		

Interpretation:

The value of Pearson Chi-Square is 0.249, which is greater than 0.05. Therefore it can be concluded that there is no significant relationship between educational qualification and investment preference of the respondents.

Table 3: Chi-Square Test (Educational qualification and investment preference)

		purpose			
		Frequenc y	Percent	Valid Percent	Cumulative Percent
Vali d	home purchase	17	34.0	34.0	34.0
	child's education or marriage	19	38.0	38.0	72.0
	retirement	11	22.0	22.0	94.0
	others	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

Interpretation:

The major factor affecting investment preference or the major purpose of investment among women is child's education or marriage (38%). Home purchase is another major factor for investment among women (34%) followed by retirement and other factors.

Table 4: Chi-Square Test (Educational qualification and investment preference)

		Investment preference			
		Frequency	Percent	Valid Percent	Cumulative Percent
Vali d	mutual funds	5	10.0	10.0	10.0
	shares, bonds and debentures	4	8.0	8.0	18.0
	bank and post office deposits	17	34.0	34.0	52.0
	PPF, NSC, NPS	18	36.0	36.0	88.0
	gold or any other commodities	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

Interpretation:

The most preferred investment avenue are savings-cum-tax saving investment avenues like Public provident fund, National pension scheme and National savings certificate (36%). Bank and pot office deposits are also a major investment avenue followed by investments in gold and other avenues like mutual funds and stock market.

IX. FINDINGS

In this study we can see that every respondent participate in investment, this is because all of them are salaried employees and undeniably they will at least have a bank account. Investment preference of women differs accordingly to the age category they fall into. For the purpose of the study respondents were classified into three age classifications: 20-30, 31-40, and above 40. The investment preference of respondents included (a) mutual funds, (b) shares, bonds and debentures, (c) bank and post office deposits, (d) PPF, NPS and NSC and (e) gold or any other investment. The study also shows that there is no significant relationship between educational qualification and “investment preference of respondents”. Most of these respondents preferred to make investments after meeting their expenses. The respondents also said that the choice of investment were based on their goal or purpose such as home purchase, child’s education or marriage, retirement and other factors such as high returns and safety. Most of the respondents only prefer safe investment avenues like PPF, NPS, NSC bank and post office deposits. It is also be seen that most of these respondents hold multiple investment rather than investing in a single avenue.

X. CONCLUSION

The study investment preference of working women was conducted among both private and public sector employees falling into different age groups and different income categories. The results of this study show that the investment preferences of working women differ according to their age. The study also shows that no significant relationship exists between educational qualification and investment preference. In this study we can also see that women invest in multiple avenues rather than investing all their savings into a single avenue. This indicates that they undertake planned investment. Only a few respondents prefer risky investment like shares or mutual funds. This can be due to their lack of awareness. Most preferred investment avenue include savings-cum-tax saving investment avenues like PPF, NPS and NSC. Proper training and awareness can help women investors to choose the most suitable investment avenues for them y matching their needs with the risk return of an investment.

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