

## FACTORS INFLUENCING INVESTMENT AVENUES OF SALARIED WOMEN

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### Abstract

Income, savings and investments are the three key variables of the economy. The level of income is an important determinant of savings and investment. The major features of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. A variety of investment avenues are available such as stock market, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. The present work is to identify the factors that influence working women's savings pattern, investment habits and preferences. To make the study complete in all respects, there is a need to know what a salaried women does with her income. The study is undertaken to analyze various factors influencing investment decision of salaried women in Thiruvananthapuram District. The study finds that majority of salaried women consider safety & risk before making an investment. The most preferred investment of salaried women is Gold/ silver. From the analysis of investment pattern of salaried women it can be concluded that mindsets of the women investors are not towards stock markets and mutual funds.

**Key words:-** Savings, Investment, Behavior, Preference, Savings, Safety.

Savings has a vital role in the economic development of a country. The financial system of every country channelizes the savings and investment of the people into industries in the form of financial instruments, loans, etc. Thus the economy of every country

depends on the savings and investment for creation of economic wealth. Economic wealth in turn creates a favourable atmosphere for consumption that creates demand for goods and services in the economy thereby stimulating the production and further investments.

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Income, savings and investments are the three key variables of the economy. The level of income is an important determinant of savings and investment. The major features of an investment are safety of principal amount, liquidity, income stability, appreciation and easy transferability. A variety of investment avenues are available such as stock market, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. All the investors invest their surplus money in various financial avenues based on their risk taking attitude. Financial investment is the purchase of a financial security, such as a stock, bond, or mortgage.

Nowadays women have more earning potential and much influence over the financial decisions than ever before. Women represent almost half of the workforce and they have influence or control over most of the purchase decisions and investment decisions. As a result, it is very important for women to focus on finances in the current era. Throughout their lives as a woman, they will be faced with different financial challenges than their male counterparts. If women are going to take control of their financial future, it's important that they recognize those differences and empower themselves. Earning money is only half the equation for achieving financial independence. They should stay involved in investment decisions and consider planning for the uncertain future.

Women are more likely to have dependents to care for with a growing divorce rate and the number of single mothers is on the rise. Providing for and raising a family while also saving for

retirement can be a formidable task. Women are less likely to take the investment risks than men to take risks. By learning all about investing women can become more comfortable investment decisions that involve different levels of risk. Financial planning process for this purpose a thorough understanding of financial planning is important for all investors. Financial planning is the process of meeting one's life goals through the proper management of her finances. Life goals may include buying a home, saving for child's education and marriage, planning for retirement etc.

Women are considered as the weaker section of the society when compared to men. In olden days women were not given any right to take any important decision. But now the trend has been changing gradually women are educated they are allowed to work and to take financial decisions. Investment behaviors are differing from individual to individual based on the acceptance of return and risk. As well as the selection of investment sources also differ from men and women. Men do not tend to want too much in detail while women want more information. And men and women differ in their approach to the investment game. The level of literacy, educational attainments, occupational distribution and income profile of the salaried women largely determine their ability to save and invest. Education enables working women to make rational choice of investment schemes for their savings. Despite the investment opportunities being the same for men and women, it is found that the women are relatively conservative in their investment approach.

Appropriate policy interventions can be designed to address the savings and investment practices of working woman.

Working women normally consult their husbands or other members of the family in their savings and investment decisions. They have little control over their savings and investments. They even run a risk of outliving their retirement savings due to the compelling domestic commitments. Hence there is a need for immediate and appropriate policy interventions as well as investment education, training and assistance programs. There is a need to identify the factors that influence working women's savings and investment habits and preferences. To make the study complete in all respects, there is a need to know what a salaried women does with her income. Further, there is a need to investigate into the gaps between the desired expectations and actual accomplishments of working women with regard to existing schemes.

### **Objective of the study**

To analyze the factors influencing the investment decision of salaried women.

### **Hypothesis**

Ho - There is no significant difference between rural and urban women with respect to factors affecting investment decisions.

### **Methodology**

The study used both primary as well as secondary sources of data. The primary data were collected on the basis of personal interaction with the salaried women by knowing their preferences and

basic requirements by using a structured questionnaire. The secondary data were obtained from internet, magazines, books, journals etc. The sampling technique followed in this study is non-probability sampling. Convenient sampling techniques were used to select the respondent from the available population. For the purpose of this study, the data were collected from the selected 100 respondents from the Thiruvananthapuram District.

### **Discussion**

In the discussion section of the study, an attempt has been made to reveal the results of analysis of collected data from the salaried women. This analysis and interpretation provides the result of the data collected based on the objectives. For analyzing the data simple statistical tools had been used.

### **Source of Information**

Most of the women seek advises of others for managing their money. Then she will get a motivation for investing. So that investment process is motivated by many factors. Respondents were classified on the basis of such motivational sources as relatives, friends, media, expert and others.

Table 1 depicts that majority 56 per cent of the respondents get information for investment from their Friends, colleagues & Relatives, 24 per cent get motivation from media advertisements, 14 per cent get information from internet and 6 per cent get information from Investment Professional/consultant.

### **Investment Objectives**

Investments are made by anyone with an intention. The objectives can be

classified on the basis of investors approach as future needs, wealth creation, regular income and tax saving.

The Table 2 reveals that 54 per cent of salaried women make investments for meeting their future needs, 15 per cent with the objective of wealth creation, 13 per cent are for the purpose of regular income and 11 per cent are with the objective tax benefits and the least 7 per cent invest with the objective of safety & security.

**Factors Affecting Investment Decisions**

Investors may consider different factors while making an investment. It may vary from one person to another because the needs and objectives may be different.

Respondents were classified on the basis of factors considering before investment as safety, risk, returns and period. It is shown in the Table 3.

Since P value is less than 0.01, null hypothesis is rejected at 1 per cent level of significance with regard to the factors of safety and risk, returns and period. Hence there is significant difference between rural and urban salaried women with regard to the factors of Investment such as safety and risk, returns and period. Based on mean score the better influencing factor for investment is safety and risk. The rural women better considers the factor of safety and risk and returns than the urban women. It shows that women are not interested in taking high risk and have much concern in getting returns. The

**Table 1**  
**Source of Information of the Respondents**

| Source of Motivation               | Numbers    | Percentage |
|------------------------------------|------------|------------|
| Friends, colleagues & Relatives    | 56         | 56         |
| Internet                           | 14         | 14         |
| Investment Professional/consultant | 6          | 6          |
| Advertisements on Medias           | 24         | 24         |
| Others                             | -          | -          |
| <b>Total</b>                       | <b>100</b> | <b>100</b> |

*Source: Primary data*

**Table 2**  
**Investment Objectives**

| Investment Objectives | Numbers | Percentage |
|-----------------------|---------|------------|
| Future needs          | 54      | 54         |
| Wealth creation       | 15      | 15         |
| Regular income        | 13      | 13         |
| Tax benefits          | 11      | 11         |
| Safety & security     | 7       | 7          |
| Total                 | 100     | 100        |

*Source: Primary data*

urban women gave much importance to the period of investment than the rural people.

Since P value is less than 0.05, null hypothesis is rejected at 5 per cent level of significance with regard to the factors of Tax Benefits. Hence there is significant difference between rural and urban salaried women with regard to the factors of tax benefits.

**Preference of Investment Avenues**

Investments are important and low risk investment avenues are commonly

preferred because the risks are very low and the returns are reliable. Moderate risk investments would yield good returns compared to low risk investment avenue. High risk investments would give high returns. People with knowledge and experience can make investment in this. Investments are important to manage the future financial needs of the family. It is also important to become aware of the avenues that would give people safety and returns. Avenues should be investors friendly.

**Table 3**  
**Factors Affecting Investment Decisions**

| Factors       | Rural |      | Urban |      | T Value | P Value |
|---------------|-------|------|-------|------|---------|---------|
|               | Mean  | SD   | Mean  | SD   |         |         |
| Safety & Risk | 15.27 | 3.55 | 14.43 | 4.18 | 2.056   | 0.001** |
| Returns       | 14.03 | 3.88 | 9.27  | 3.53 | 16.083  | 0.003** |
| Period        | 13.47 | 4.12 | 13.48 | 4.28 | 2.016   | 0.029** |
| Liquidity     | 10.83 | 3.93 | 11.40 | 3.58 | 0.235   | 0.815   |
| Tax benefits  | 14.48 | 2.71 | 10.18 | 3.65 | 3.033   | 0.045*  |

Source: Primary data

Note: 1. \*\* denotes significant at 1% level of significance  
2. \*denotes significant at 5% level of significance

**Table 4**  
**Preference of Investment Avenues**

| Investment Avenues         | Mean Score | Rank |
|----------------------------|------------|------|
| Bank deposit               | 2.8        | 2    |
| Post office savings scheme | 2.7        | 3    |
| Government Securities      | 1.0        | 9    |
| Insurance                  | 2.6        | 4    |
| Mutual funds               | 1.1        | 8    |
| Stock market               | 1.2        | 7    |
| Gold/silver                | 3.2        | 1    |
| Real estate                | 2.5        | 5    |
| Chit funds                 | 2.4        | 6    |

Source: Primary Data

From the Table 4 it is clear that investors preferred to make investment on Gold/ silver as the mean score is 3.2, which is followed by Bank Deposits, Post office saving scheme and insurance with 2.8, 2.7 and 2.6 mean respectively. Fifth and sixth position was occupied by Real estate and Chit funds with mean value 2.5 and 2.4 respectively. Stock market occupies seventh position in the preference as it has the mean score of 1.2. The lowest preference is secured by Mutual funds (1.1) and Government Securities (1.0).

**Problems faced while choosing an Investment**

Study of the problem faced by the women investors while choosing an investment plays a very important role in redesigning the investment schemes overall.

It is observed from the Table 5 that, among the various factors considered, majority of the salaried women faced problem with lack of knowledge. Non availability of suitable investment avenue is the least problem which is faced by the salaried women while making an investment. So the government and

investment institutions need more attention to rectify these problems through proper channel for promoting investment.

**Findings of the study**

The findings of the study are:

- Majority of the women get information of investment from their friends, colleagues & relatives
- Salaried women make investments for meeting their future needs.
- Majority of salaried women consider safety & risk before making an investment.
- There is significant difference between rural and urban salaried women with regard to the factors of investment such as safety and risk, returns and period.
- The most preferred investment of salaried women is Gold/ silver. The second and third preferences are bank deposits and post office saving scheme. The least preferred investments are mutual funds and government securities.

**Table 5**  
**Problems faced while choosing an investment**

| Problems faced                                 | Mean Score | Rank |
|------------------------------------------------|------------|------|
| Unexpected expenses reduce the saving          | 3.71       | 3    |
| Non-availability of suitable investment avenue | 4.42       | 5    |
| Lack of knowledge                              | 1.6        | 1    |
| Lack of family support                         | 4          | 4    |
| Confused by over choices                       | 2.22       | 2    |

*Source: Primary Data*

- Majority of the salaried women have faced the problem with lack of knowledge of various investment opportunities.

### Recommendations of the study

- Today there are many special investment schemes in the market which encourage people to save. Women investors must utilize them for their well-being.
- There is lack of awareness about other avenues like equity, mutual fund etc. Salaried women need to widen their horizon of knowledge regarding all the available avenues for investing funds. They should regularly read newspapers, journals and articles related to stock market and to ascertain the progress of the primary and secondary markets in the country and abroad. The investment awareness classes should also be provided to them. This will increase the awareness.

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- Wide publicity is required to generate awareness regarding various feature and sources of investment.
- Giving advertisement in mass media to encourage working women to invest money and provide incentives to women for investment.
- Popularizing the savings and investment habits among the girl students during their school/college days.

### Conclusion

From the analysis of investment pattern of salaried women it can be concluded that mindsets of the women investors are not towards stock markets and mutual funds. They still think of investing in low risk and low return traditional investment alternatives. Salaried women play safe as they follow monthly regular saving pattern that is less risky and in low yield schemes. The safety motive predominantly effects on saving/ investment pattern of salaried women.