

An Analytical Study on Investment Pattern of Working Women of Gujarat State

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Abstract

This paper analyses the investment pattern of working women of Gujarat state. The study focuses on the awareness and preferences of working women as investors and also analyse influence of various demographic factors like age, income, marital status, mode of employment and opinion of others on investment pattern. It also highlights the proportion of total income invested, frequency of modifying portfolio and return earned by respondents. From the study it can be concluded, that respondents do not prefer to invest large amount of their savings in a single investment avenue and also prefer to invest in secured investment options like bank and post office deposits, provident fund and jewellery over any other options. Moreover, it has been found that demographic factors under consideration are having no influence on investment pattern followed by working women in Gujarat state. Thus, it can be said that working women are independent and rational investment decision makers.

Keywords- Savings, Investment, Return, Investment Options

Introduction

The economic development of a country not only depends on the growth of the industrial and service sectors but also how effectively money is being circulated in the economy. Economic development is possible with the available resources and a major part of these may be mobilized from domestic savings. If these savings are channelized properly it will lead towards the development of the country. Investors can select suitable investment avenue according to their desired level of risk, return and liquidity. On the basis of their risk taking capacity, investors can be classified as risk averse, rational investors and risk takers. It has been observed that there is difference in the pattern of investment made by men and women. Men prefer to take risk, women being more careful while dealing with financial matters they prefer to take calculated risk. This paper aims at studying the changing role of women in Indian economy and their pattern of investment.

Women Empowerment

No country can progress without the inclusion of women in the development process. It is only possible if the status of women is upgraded through empowerment and by promoting their participation in all walks of life. Indian constitution has also idealized the principle of gender equality which has resulted in to increasing participation of women in the economic development. Direct participation of women in the independence movement opened up several opportunities for women to participate in economic development. Although women welfare was one of the objectives of Indian planning right from the beginning, the tenth five year plan has made commitment towards, "Empowering women as the agent of

socioeconomic change and development". In recent past we can see the changing role of women in the society.

Role of Working Women in Investment

The prominent growth in industrialization has brought important changes in Indian society especially in the status of women. The attitude of the society towards women has been considerably changed and has reflected in rapid increase in the number of working women in last two decades. There is social acceptance of the women at workplace. By considering the fact that women are having good savings habit they still lack in making calculated investment decisions. Though they have greater possibility of investment due to their independent earning power, they tend to be risk adverse, safety oriented and want certain return. However, things are changing and women are slowly participating in the risky portfolios and became analytical in their investment behaviour. In this research paper researchers have made an attempt to analyse the investment pattern of working women of Gujarat State.

Review of Literature

Meenakshi Chaturvedi and Shruti Khare (2012) analyses that there is rapid increase in the earnings of middle class families due to double income as there is increase in number of working women. Investment houses should make an effort to attract working women investors through advertising and awareness programmes. Information about existing market and guidance for channelizing savings into productive investment will lead towards economic development of the country.

Barber and Odean (2001) stated that men are more competent and confident than women when it comes to taking financial decisions. Females give importance to opinion of father's and husbands while investing. We can say that men will generally be more confident and feel superior about their ability to take financial decisions than women.

Horvath and Zukerman stated that internal as well as external factors affect to individual's risk taking capacity. Mitra concluded that age, experience, income, knowledge have relationship with individual's risk tolerance.

Rethnasamy and Sebastian concluded on the basis of survey conducted in Thiruchirappalli city that the marginal tendency to save in the city was 0.41. Nearly 40 percent of the respondents save for the education of their children and the 30 percent save in order to purchase property.

Dr. Sarita Bahl(2012)concluded that younger women are focused about their investment plan. Women like to invest their money when they earn and become independent. Majority of working women are aware about various investment avenues and have invested their money. Working women prefer to invest their money in risk free security.

Gaurav Kabra (2010) concluded that the modern investor is aware about various investment avenues. In spite of the phenomenal growth and good return from security market, investors invest as per his demographic characteristics. So, it becomes very important to understand the psychology of investor.

Objectives and Hypothesis Development

Objectives

The present study is undertaken with the aim;

1. To analyse the investment pattern of working women

2. To identify investment avenues preferred by working women
3. To study the effect of personal and economic factors on investment pattern.

Hypothesis

Based on the objectives, the following general hypothesis is formulated:

H0 = There is no significant influence of demographic factors on investment pattern of working women of Gujarat State

Here, demographic factors comprise age, marital status, employment, income and opinion of others.

Methodology

This is an analytical study to identify investment pattern of working women of Gujarat state. To achieve the given objectives, first hand data has been collected from 144 working women from the major cities of Gujarat. The primary data is collected with the help of structured questionnaire from working women. A structured questionnaire consists of open ended and closed ended questions. To get meaningful understanding and test the hypothesis, chi-square and other statistical tools have been used. The data is analyzed with the help of SPSS. Margin of error is 5% and confidence level is 95%. The Cronbach's alpha is used to check reliability of data.

Table 1: Reliability Statistics

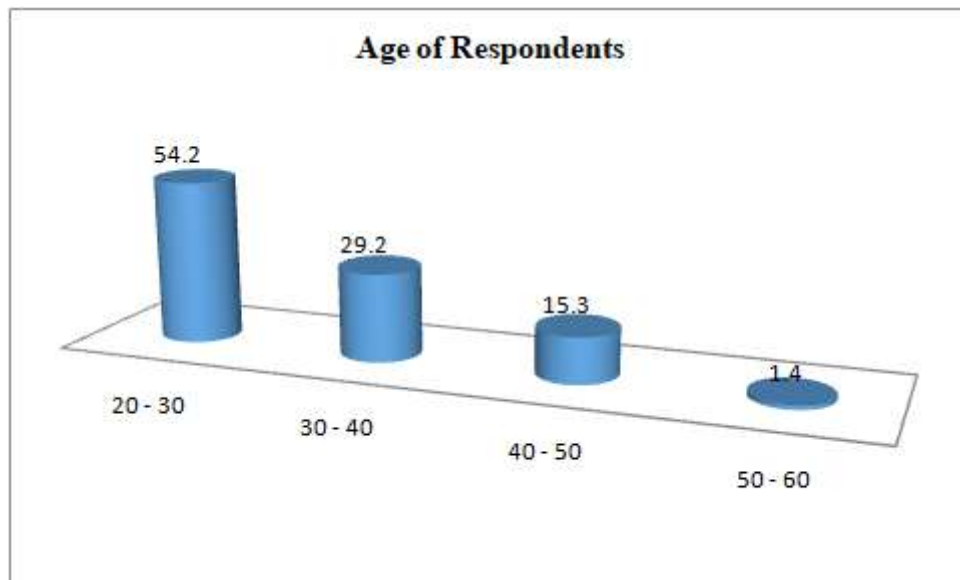
Cronbach's Alpha	N of Items
.760	26

Source: Calculated with SPSS

Here, the value of alpha is 0.760 which confirms homogeneity of the items under study and make them reliable to undertake further analysis.

Data Analysis

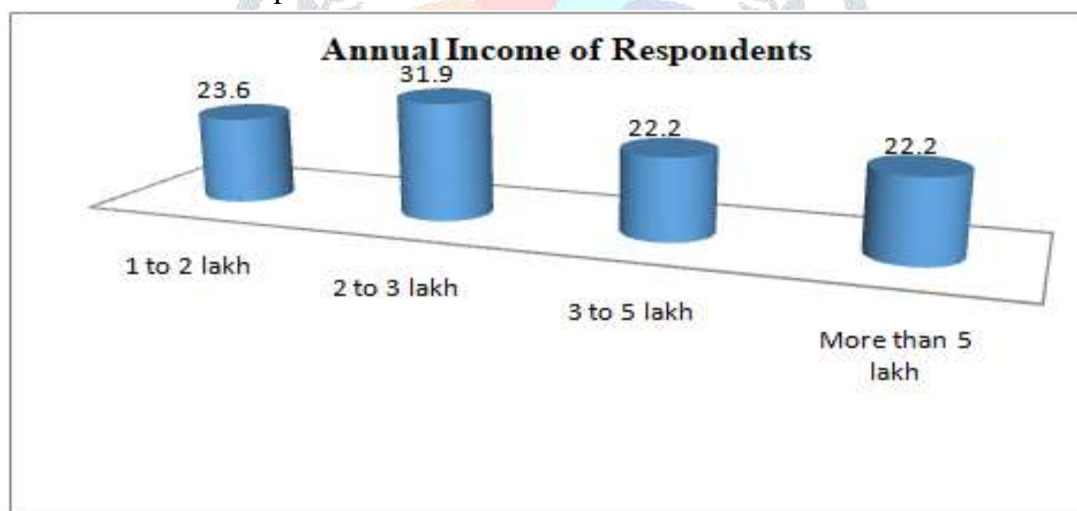
Figure 1: Age of Respondents



Source: Primary data

Figure 1 shows that out of the 144 respondents, 54% of the working women are in the age group of 20 - 30 years whereas 29% are in age group of 30 - 40 years, 15% are in the age group of 40 - 50 years. 2% are in the age-group of 50-60.

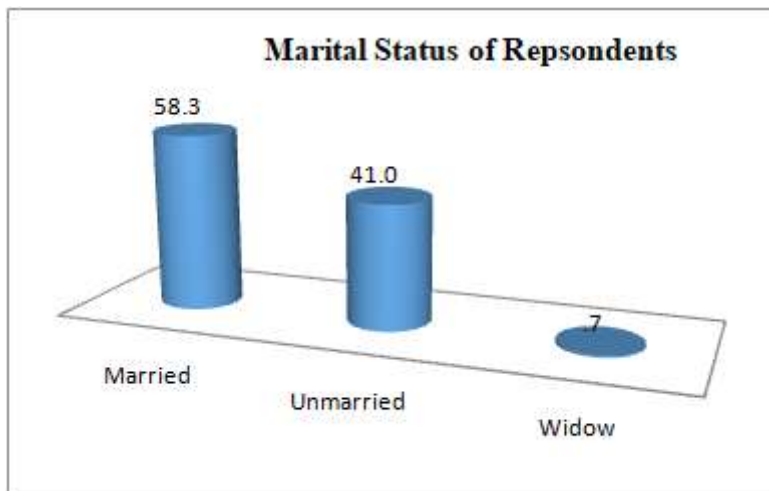
Figure 2: Annual Income of Respondents



Source: Primary data

Figure 2 depicts information of annual income of respondents. 23.6%, 31.9%, 22,2% and 22.2% respondents fall between range of 1 to 2 lakh, 2 to 3 lakh, 3 to 5 lakh and more than 5 lakhs respectively.

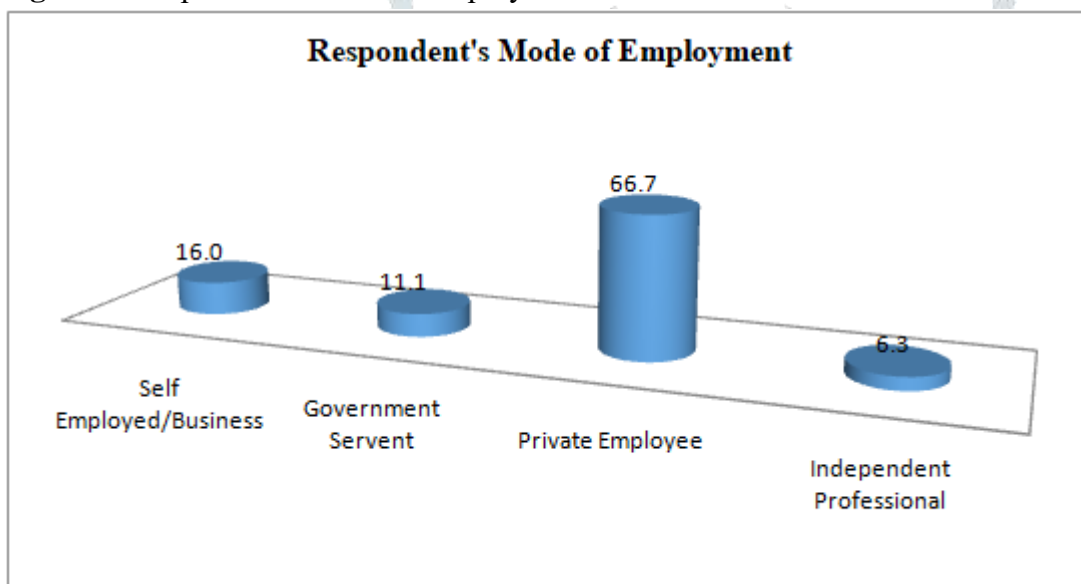
Figure 3: Marital status of Respondents



Source: Primary data

Figure 3 shows that 58.3% of the working women respondents are married and 41% and 0.7% are unmarried and widow respectively.

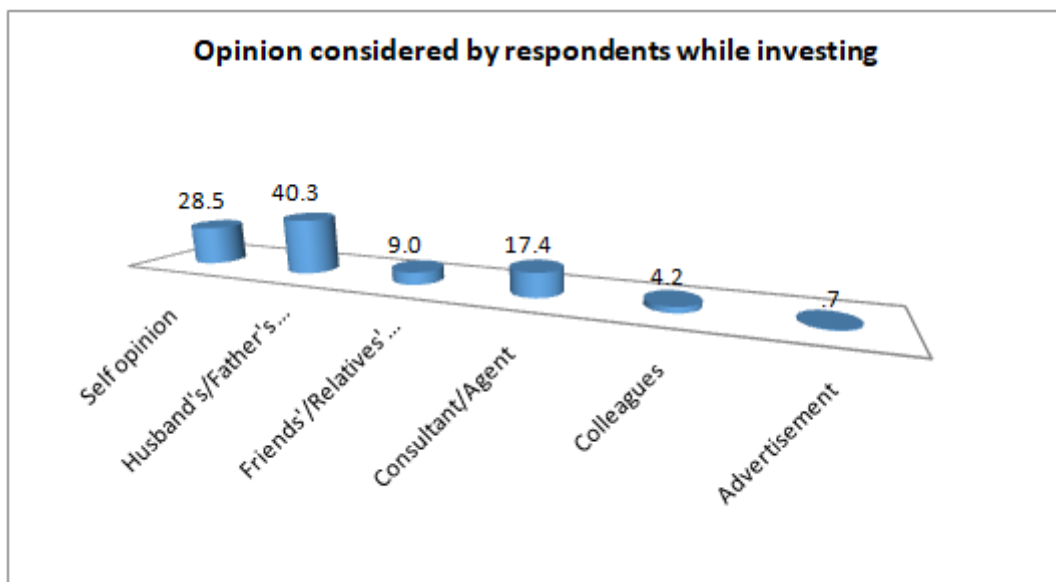
Figure 4: Respondent’s mode of employment



Source: Primary data

It is observed from figure 4, that majority of the working women respondents are private employee (66.7%) and 16%, 11.1% and 6.3% are self employed, government servant and independent professional respectively.

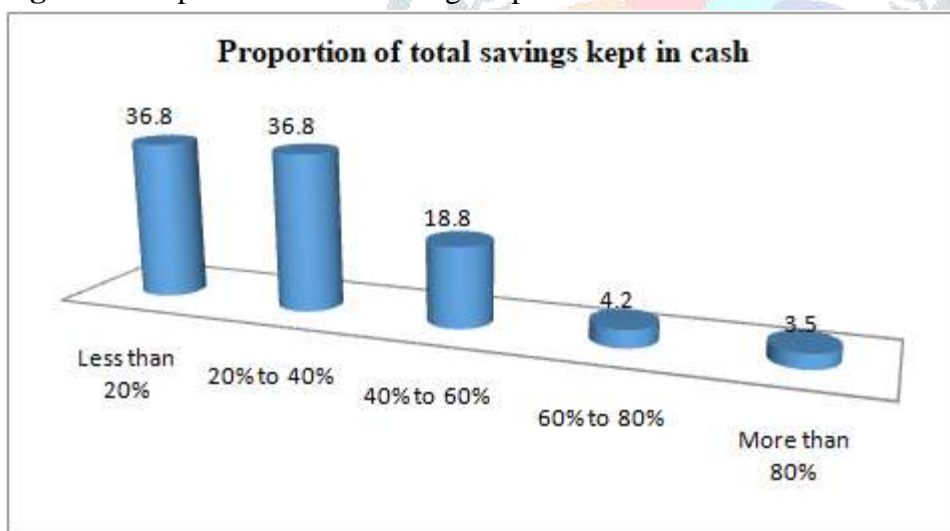
Figure 5: Opinion considered by respondents while investing



Source: Primary data

It is clearly evident from figure 5 that majority of working women considered husband's and father's opinion (40.3%) while investing. 28.5% working women take their own decision. 9%, 17.4%, 4.2% and 0.7% working women consider opinion of friends, agents, colleagues and advertisement.

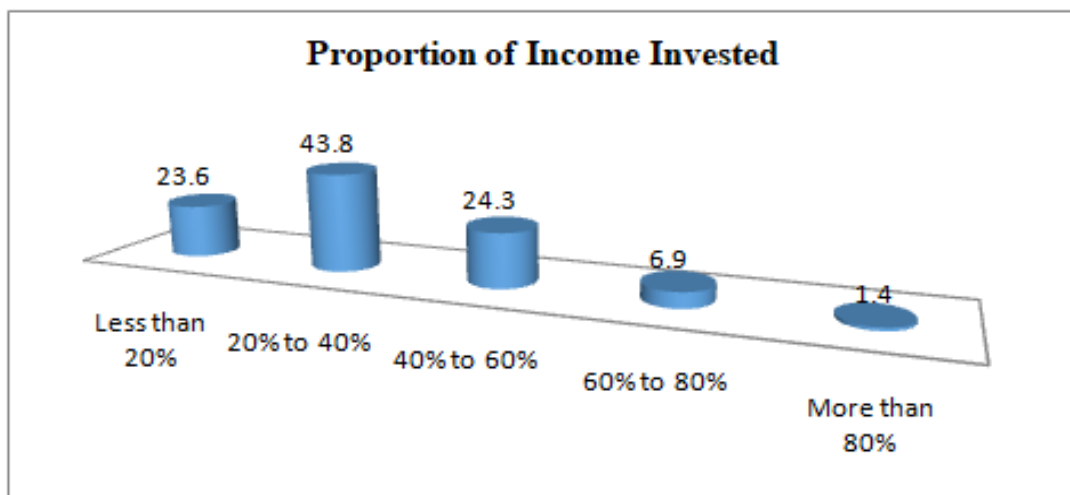
Figure 6: Proportion of total savings kept in cash



Source: Primary data

Figure 6 shows proportion of total savings kept in cash. 36.8% working women prefer to keep less than 20% in cash that means they invest nearly 80% of their total savings. 36.8 % and 18.8% working women keep 20 to 40% and 40 to 60% of their savings in cash respectively. It means they invest 40 to 50% of their savings. 4.2% and 3.5% working women keep more than 60% cash in hand; proportion of savings in cash is very high in this case which shows they avoid taking risk.

Figure 7: Proportion of Income Invested



Source: Primary data

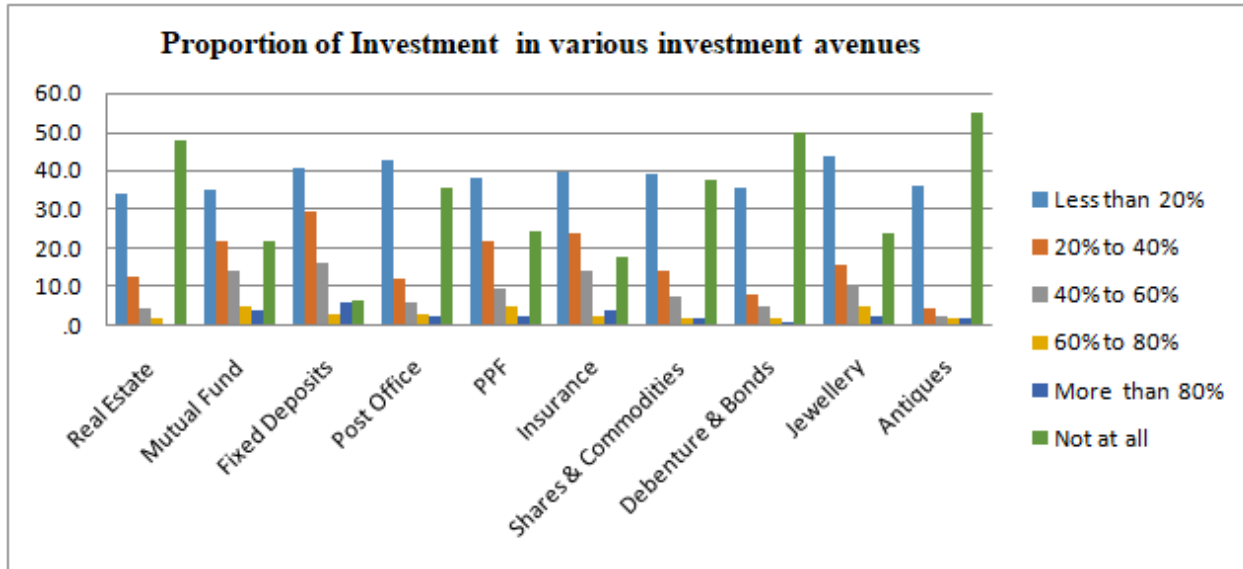
Figure 7 depicts proportion of total income invested by working women. 23.6%, 43.8%, 24.3%, 6.9% and 1.4% working women invest less than 20%, 20 to 40%, 40 to 60%, 60 to 80% and more than 80% respectively. 23.6% working women less prefer to invest their income. Whereas, 43.8% and 24.3% working women invest nearly 60% of their earnings. On the other hand only 6.9% and 1.4% working women invest more than 60% and 80% respectively which means they are highly aware about investment and prefer to earn return by investing their earnings.

Table 2: Proportion of Income Invested in various Investment Avenues

Particular	Real Estate	Mutual Fund	Fixed Deposits	Post Office	PPF	Insurance	Shares & Commodities	Debenture & Bonds	Jewellery	Antiques
Less than 20%	34.0	34.7	40.3	42.4	38.2	39.6	38.9	35.4	43.8	36.1
20% to 40%	12.5	21.5	29.2	11.8	21.5	23.6	13.9	7.6	15.3	4.2
40% to 60%	4.2	13.9	16.0	5.6	9.0	13.9	6.9	4.9	10.4	2.1
60% to 80%	1.4	4.9	2.8	2.8	4.9	2.1	1.4	1.4	4.9	1.4
More than 80%	.0	3.5	5.6	2.1	2.1	3.5	1.4	.7	2.1	1.4
Not at all	47.9	21.5	6.3	35.4	24.3	17.4	37.5	50.0	23.6	54.9

Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
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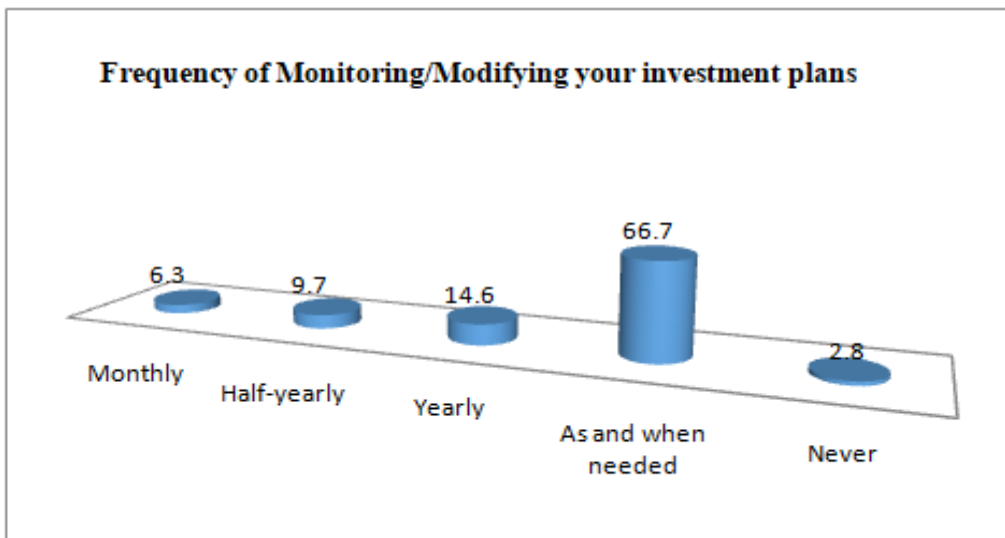
Figure 8: Proportion of Income Invested in various Investment Avenues



Source: Primary data

It has been observed from the above table and figure that real estate, debenture and antiques are least preferred avenues whereas, 30 to 43 % respondents prefer to invest in jewellery, PPF, Fixed deposits, insurance, share and commodity and mutual fund, though their relative proportion of saving invested is less than 20% which shows respondents have diversified portfolio. Respondents do not prefer to invest large amount of their savings in a single investment avenue. It can be said that working women prefer secured investment options like bank and post office deposits, provident fund and jewellery over any other options.

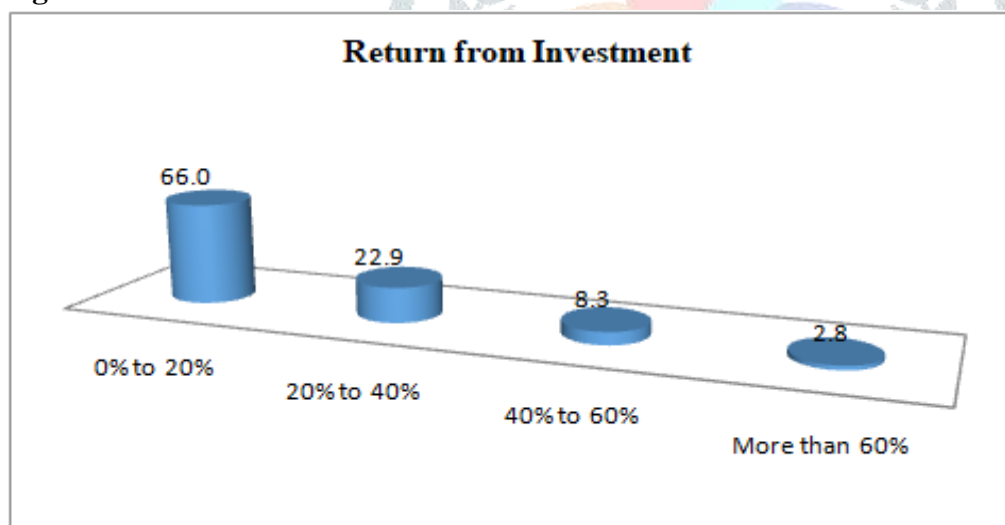
Figure 9: Frequency of Monitoring and Modifying your Investment Plans



Source: Primary data

Figure 9 shows frequency of monitoring and modification in investment plans by working women. 6.3%, 9.7% and 14.6% working women monitor and modify their investment plans monthly, half-yearly and yearly respectively. 66.7% working women monitor and modify it as and when needed. 2.8% working women don't monitor or modify their investment plans at all.

Figure 10: Return from Investment



Source: Primary data

Figure 10 indicates approximate return working women gain from their investment. 66% working women earn nearly 0 to 20% returns on their investment. Whereas 22.9% and 8.3% working women get 20 to 40% and 40 to 60% respectively which shows they are better manager of their investment. 2.8% working women manage to get more than 60% return on their investment which means this class of working women are risk taker, they prefer to invest maximum proportion of their earnings and are ready to invest in risky securities as they want more return on their investment.

Hypothesis testing

From the chi-square analysis, if the significant value is greater than 0.05 null hypothesis is being accepted. The following table gives summary of test results and whether null hypothesis is accepted or rejected is mentioned in bracket.

Table 3: Chi square values

Investment Avenues	Age	Marital Status	Employment	Income	Opinion of others
	Chi Square Values				
Real Estate	0.058 Ho: Accepted	0.041 Ho: Rejected	0.822 Ho: Accepted	0.642 Ho: Accepted	0.462 Ho: Rejected
Mutual Fund	0.284 Ho: Rejected	0.915 Ho: Accepted	0.074 Ho: Accepted	0.276 Ho: Rejected	0.454 Ho: Accepted
Fixed Deposits	0.489 Ho: Accepted	0.938 Ho: Accepted	0.890 Ho: Accepted	0.532 Ho: Accepted	0.763 Ho: Accepted
Post Office	0.225 Ho: Accepted	0.512 Ho: Accepted	0.816 Ho: Accepted	0.473 Ho: Accepted	0.469 Ho: Accepted
PPF	0.251 Ho: Accepted	0.486 Ho: Accepted	0.388 Ho: Accepted	0.673 Ho: Accepted	0.853 Ho: Accepted
Insurance	0.592 Ho: Accepted	0.334 Ho: Accepted	0.858 Ho: Accepted	0.614 Ho: Accepted	0.725 Ho: Accepted
Share and Commodity	0.280 Ho: Accepted	0.833 Ho: Accepted	0.730 Ho: Accepted	0.634 Ho: Accepted	0.709 Ho: Accepted
Debenture and Bonds	0.498 Ho: Accepted	0.092 Ho: Accepted	0.956 Ho: Accepted	0.569 Ho: Accepted	0.504 Ho: Accepted
Jewellery	0.794 Ho: Accepted	0.838 Ho:	0.379 Ho:	0.177 Ho:	0.999 Ho: Accepted

		Accepted	Accepted	Accepted	
Antique	0.620 Ho: Accepted	0.225 Ho: Accepted	0.446 Ho: Accepted	0.928 Ho: Accepted	0.279 Ho: Accepted

Source: Primary data SPSS

The above summary table shows that, majority of the factors are independent except marital status and opinion of others in real estate and similarly age and income in mutual fund. Thus, it can be concluded that there is significant effect of marital status and opinion of others on investment in real estate where as age and income significantly affect investment in mutual funds.

Findings

Past studies have been carried out to study investment pattern of institutional investors but they only focus on investment pattern of individuals. There are few studies in past, which were conducted on individual's investing pattern on the basis of gender. Differences on the basis of age, income, marital status, mode of employment, influence of opinion of others in Investment pattern of working women is new area.

From the result of the study it can be concluded that real estate, debenture and antiques are least preferred avenues among working women. 30 to 43 % respondents prefer to invest in jewellery, PPF, Fixed deposits, insurance, share and commodity and mutual fund, though their relative proportion of saving invested is less than 20% which shows respondents have diversified portfolio. Respondents do not prefer to invest large amount of their savings in a single investment avenue. It can be said that working women prefer secured investment options like bank and post office deposits, provident fund and jewellery over any other options.

The study revealed that 54% of the working women are in the age group of 20-30 years whereas 29% are in age group of 30-40 years, 15% are in the age group of 40- 50 years. 2% are in the age-group of 50-60. The study shows that 58.3% of the working women respondents are married and 41% are unmarried. It is observed that annual income of 23.6%, 31.9%, and 22. 2% and 22.2% respondents fall between range of 1 to 2 lakh, 2 to 3 lakh, 3 to 5 lakh and more than 5 lakhs.

It is observed that majority of the working women respondents are private employee (66.7%). 16% are self employed and 11.1% and 6.3% are government servant and independent professionals respectively. It is clearly evident from the study that majority of working women give importance to husband's and father's opinion (40.3%) while investing. 28.5% working women take their own decision. 9%, 17.4%, 4.2% and 0.7% working women consider opinion of friends, agents, colleagues and advertisement.

An equal percent (36.8%) of working women prefer to keep less than 20% and 20-40% in cash that means they invest substantial amount of their savings. 18.8% working women keep 40 to 60% of their savings in cash. It means they invest 40 to 50% of their savings. 4.2% and 3.5% working women keep more than 60% cash in hand; proportion of savings in cash is very high in this case which shows they avoid taking risk.

The study shows that 6.3%, 9.7%, 14.6% working women monitor and modify their investment plans monthly, half-yearly and yearly respectively. 66.7% working women monitor and modify it as and when needed. 2.8% working women don't monitor or modify their investment plans at all.

66% working women earn nearly 0 to 20% returns on their investment. Whereas 22.9% and 8.3% working women get 20 to 40% and 40 to 60% respectively which shows they are better manager of their investment. 2.8% working women manage to get more than 60% return on their investment which means this class of working women are risk taker, they prefer to invest maximum proportion of their earnings and are ready to invest in risky securities as they want more return on their investment.

Result of chi-square test clearly proves that majority factors under study are independent while real estate and mutual funds are two investment options that are affected by marital status, opinion of other and age, income respectively.

Conclusions

The study reveals that working women display analytical behaviour in investment decisions. The investment pattern seems independent from the majority of demographic factors. Except in case of real estate where significant influence found of marital status and opinion of others along with mutual fund where in significant influence of age and income found. It is also found that working women tend to invest more in risk free securities such as bank and post office deposits, PPF and insurance. Their total investment found to be spread over variety of investment avenues which make them independent and rational investment decision makers.

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Appendix
Questionnaire

ANALYTICAL STUDY ON INVESTMENT PATTERN OF WORKING WOMEN OF GUJARAT STATE

This study is conducted by Dr. Priyanka Zala, Faculty of Business Administration-NRBBA, GLS University, Ahmedabad and Dr. Dhara Jethwa of Lt.M.J. Kundaliya College, Saurashtra University, Rajkot. The aim of the study is to analyse investment pattern of working women of Gujarat State. We would be very pleased if you could participate in our survey. The information provided by you will be kept entirely anonymous and will be used only for the research purpose. Thank you for your help. If you have any queries please do not hesitate to contact us on dr.priyankazala@gmail.com or dr.dharajethwa@gmail.com

Personal Information

1. Name _____
2. City_____
3. Age (in Years)

- 20 – 30
- 30 – 40
- 40 – 50
- 50 – 60
- over 60

4. Status

- Married
- Unmarried
- Widow
- Separate

5. Qualification

- Graduate
- Post Graduate
- Doctorate
- Professional Degree
- Associate Degree

6. No. of Dependents

- None
- One
- Two
- Three
- Four
- More than four

7. Total Experience (in Years)

- Less than 5
- 5 to 10
- 11 to 20
- More than 20



Employment Information

8. Mode of Employment

- Self Employed / Business
- Government servant
- Private Employee
- Independent Professional (Doctor, CA,CS,Beautician and others)
- Designation

9. Designation _____

Economic Status

10. Annual Income of an Individual

- 1 to 2 lakh
- 2 to 3 lakh
- 3 to 5 lakh
- More than 5 lakh

11. Annual Income of the family

- 1 to 2 lakh
- 2 to 3 lakh
- 3 to 5 lakh
- More than 5 lakh

12. Do you have any income other than employment?

- Yes
- No

Preference for Investment

13. What is the primary motive behind investment?

- Long term gain/ Value appreciation of investment
- Liquidity
- Secured Income
- Extra Income

Give your preference for the purpose of investment.

14. On a scale of 1-5 where 1 is most preferred and 5 is least preferred, please select the most appropriate answer:

	1	2	3	4	5
Child Education/career					
Retirement Planning					
Family Obligation					
Tax Saving					
Earn Extra Income					
Improve standard of living					
Get benefits of Market Opportunities					
Wealth Maximisation					
Self Improvement					

15. What is your risk preference while choosing investment avenues?

- Risk Free
- Moderate Risk

- High Risk

16. Which one of the following method do you prefer for investment?

- Systematic Investment
- Periodic Investment
- Lump sum Investment

Investment Pattern

17. Whose opinion do you consider while investing?

- Self opinion
- Husband's/Father's opinion
- Friends'/Relatives' opinion
- Consultant/Agent
- Colleagues
- Advertisement

18. What proportion of your savings do you keep as cash in hand?

- Less than 20%
- 20% to 40%
- 40% to 60%
- 60% to 80%
- More than 80%

19. What percentage of your income do you invest annually?

- Less than 20%
- 20% to 40%
- 40% to 60%
- 60% to 80%
- More than 80%

20. What percentage do you invest in each of the given investment option?

Investment option	Less than 20%	20% to 40%	40% to 60%	60% to 80%	More than 80%	Not at all
Real Estate						
Mutual Fund						
Fixed Deposits						
Post Office						
PPF						
Insurance						
Shares & Commodities						
Debenture & Bonds						
Jewellery						
Antiques						

21. How much approximate return do you earn annually from your overall investment?

- 0% to 20%
- 20% to 40%
- 40% to 60%
- More than 60%

22. How often do you monitor/modify your investment plans?

- Monthly
- Half-yearly
- Yearly
- As and when needed
- Never

23. List out top three investment options through which you gained maximum return last year.

24. What problems do you face while taking investment decisions?

