

**AN EMPIRICAL STUDY ON INVESTMENT PREFERENCE OF WORKING WOMEN  
WITH RESPECT TO EQUITY BASED SECURITIES.**

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**Abstract**

The financial services sector over the years tended to overlook the needs of women due to many intricate factors. With the change in times attributed to women empowerment and the policies of the Government of the day, women are now in the forefront in all the fields and it is becoming increasingly important that the industry target women as individuals with their own financial needs. A growing number of leading-edge financial institutions have been taking steps to develop products and services, aimed at almost half of the world's adult population – women. This paper focuses on identifying the factors affecting investment attitude of working women in India. It is found from the research that, majority of women who invest in equity belong to much younger age group, also still majority of the women are afraid of investment in equity based securities the reason being high risk involved in it and lack of knowledge. However, capital appreciation is the advantage that attracts majority of the working women towards equity based investment.

Keywords: Investment, Equity, Working Women

## **Introduction**

Modern economies are heavily dependent on the corporate form of doing business. The scale of modern commercial activity, once it goes beyond the individual store and workshop, increasingly demands capital beyond the resources of most individual entrepreneurs. Although the capital needs could in some cases be met by partnership, the partnership form has proved rather inflexible and is used primarily by very small enterprises and by the professions. The use of companies to pool large sums of capital and therefore to raise capital for large new commercial ventures has been increasingly common since the Dutch and English East India companies were organized at the beginning of the seventeenth century. By the twentieth century corporations had become the dominant organizational vehicle for commercial ventures almost without exception throughout the world. Initially, these corporations have borrowed funds from others. But, they are having two main limitations: 1. Borrowed funds have to be repaid within limited period and 2. Irrespective of the profitability, interest is to be paid on them. The corporations were looking for a permanent source of capital on which they are under no compulsion to pay annual interest. As a result, they started issuing new class of securities called equity shares (Kenneth W Dam, 2006).

Generally, investors who are investing their funds for longer duration, look for capital appreciation. Companies which are growing in business in terms of size prefer not to distribute the dividends to shareholders. They rather, re-invest the profit in their business itself. As long as the company is able to generate better profits, the investor will be happy, as his capital is appreciated and hence the share value of the company in the market will also appreciate and in general, the return due to capital appreciation is higher than any other alternative.

Some investors who have limited funds with them which are not sufficient to buy land or house are often investing their funds on equity shares as an alternative. Some class of investors who are having physical assets like land and/or house are also investing on equity shares as an alternative asset. In a nation like India, Income tax exemption is offered to the investors who are investing on equity oriented securities. As a result, a good number of investors are investing on them (Srivastava V, 2012).

## **Investments by Women**

Women constitute roughly half of the population of the world and thus potentially half of its work force. As a group they do as much work as men, if not more. But, for long “men” along with money and material are mentioned as factors of production. The removal of obstacles and inequalities that women face with respect to employment is a step towards realizing women’s potential in the economy and enhancing their contribution to economic and social development. Thankfully, of late things are changing and women are playing a vital role in the economy.

By virtue of increased employment rate and entrepreneurship activities, women are becoming financially independent. At the same time, a need for investment is also increasing for working women due to various reasons, out of which some of them are presented below.

First, an aging overall population that leaves women – who generally live longer than men – in a difficult situation. In the United States alone 80% of women outlive their husbands and they remain widows for an average of 14 years. Again, this situation can leave women in need of sophisticated financial planning for income purposes at a crucial yet unfortunate time in their (and their families’) lives.

Second, the recent recession has, for better or worse, transformed the economic roles women play in their families. Men have for the most part suffered more job losses than women, which has caused women to have a more active role in many aspects of daily family life, including investment decisions.

Finally, women are increasingly entrepreneurial in nature, seizing opportunities to start new businesses. This trend leads to difficult time management issues, particularly with familial commitments. Women need to make sure they are properly invested in order to make sure that they don’t just invest the appropriate amount of time in their family, but they also invest the appropriate amount of money as well.

Due to the reasons mentioned above, women started investing to secure their future and are becoming one of the largest groups of investors across the globe. They are controlling a sizable amount of wealth.

## **Literature Review**

Rao.C.J (2010) in his study focuses to the impact of learning and motivation on investment decision of individuals. According to the researcher, "People who always want to achieve something new in their life would like to learn things to enter into that area irrespective however riskier that new area may be. They always want to remain as standout achievers in their society". The researcher conducted a survey among the first time equity investor in India, who has invested during the time of global economic recession to enquire the reasons for investing at that time and found that most of them were highly self-motivated to learn and exploit the possible investment opportunities that were existing during deep crash of stock markets.

The purpose of the study conducted by Silvester, Mercy & Gajenderan, Vijayakumar & Kumar, G. (2020) is to assess the Investment behaviour of working-class women in Chennai. The data acquired through primary and secondary resources. The primary source data is responses collected from the working women through the questionnaire. The secondary sources of data gathered in the form of a literature survey, journals, periodical, textbooks, internet, daily newspapers, and reports. The data accumulated from the working that is working for government and private sector organizations in Chennai city. Simple frequency distribution, one-sample t-test, Independent t-test, Friedman test, and Chi-square is used in the study. The working women are well-aware of the savings avenues, and both government and private sector working women are having a similar view on awareness altitude about the savings avenues in the study region. The working women are investing in availing the income tax benefit, fair return, accumulation of retirement corpus, children's education, marriage expenses, holidays, and Liquidity. Furthermore, the study points out that there is a considerable association among yearly income and investment among the working women in the study area.

Chowdhury E. K. (2016) in their paper aims to analyze the savings objectives, investment nature, and risk tolerance level of working women in Chittagong. A structured questionnaire has been used to know different aspects of working women on their savings and investment

behavior. Non-parametric statistical method has been applied to check the relation between income, investment, experience and age. The study finds that amount of investment depends on the income level of investors and investment experience comes through time. It is also observed that women save in a disciplined manner and are quite rational and cautious in dealing with their hard earned savings. Far-sighted goals and concern for future well-being stimulate their savings tendency.

### **Statement of Problem**

The global economy went through one its worst ever recession in the recent past. Financial markets across the world have suffered with lack of liquidity to reduce the ill effects of recession. Coincidentally, it was also the time when proportion of working women also started growing rapidly and so as their investment capacity. Hence, it is felt appropriate to do research on the investment behavior of working women. The research process began with a question “is investment behavior of women same as men?” in a general way. After the initial review of literature, it is found that women behave differently than men while investment. This prompted the researcher to conduct an initial survey of working women in India which revealed that there are numerous internal and external factors affecting working women’s investment decision making. This entire process led this researcher to formulate the final research problem as “to what extent various internal and external factors are affecting women investment behavior?”

### **Research Objectives**

- a. To identify the investment preference of working women in India.
- b. To identify the general reasons for investment made by working women in India.
- c. To identify the reason for investment made by working women in equity oriented securities.
- d. To identify the reason for not investing in equity oriented securities by working women in India

### **Research Design**

A descriptive research design is used to describe the factors affecting investment decision of women in India. This research also describes the behavior of women investors towards equity oriented securities.

### **Data Collection**

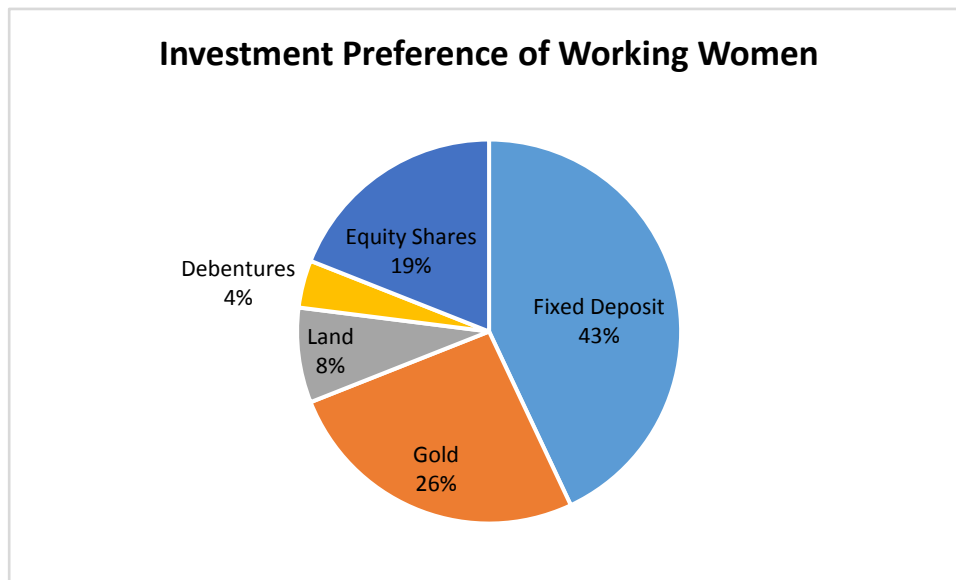
Primary data has been collected using a structured questionnaire issued to working women of India and secondary data is collected from existing literatures, journals, magazines, internet, etc.

### **Sampling Technique and Sample Size**

In this research, the type of universe consists of those working women who are aged between 18 years to 60 years. Since, the universe is infinite, the sample size is restricted to 100 working women and the sampling technique used is simple random sampling.

### **Data Analysis**

An attempt is made to study the investment preference of working women in India, where following results have been obtained:



**Fig. 1 (Source: Primary Data)**

From the above figure 1, it is found that majority i.e. 43% of the working women prefer to invest their savings in fixed deposits, 26% prefer to invest in gold, only 19% of working women have their investments in equity share, whereas, only 8% working women invest their savings in land

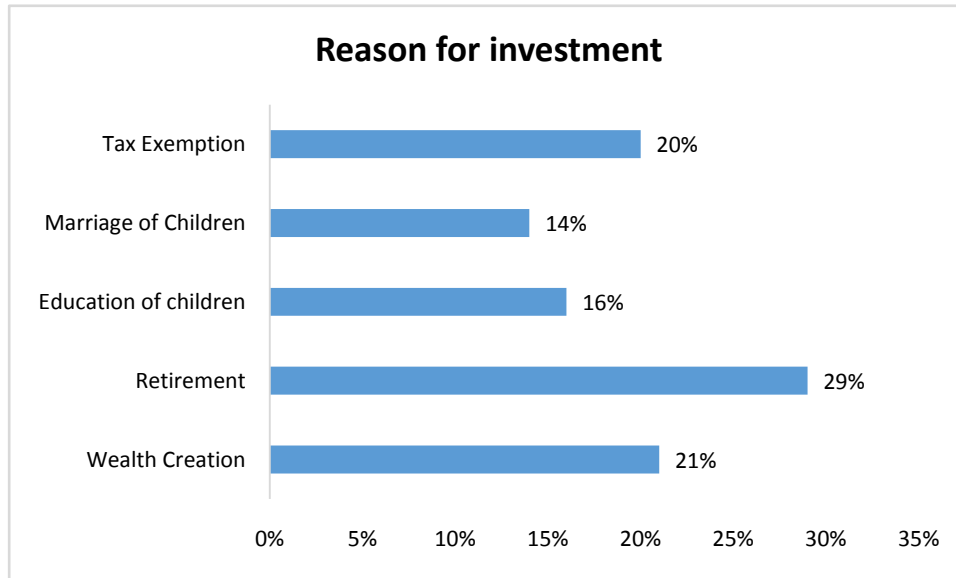


Fig. 2 (Source: Primary Data)

From the above figure 2 it is found that, majority i.e. 29% of the working women invest their money for retirement plans, 21% prefer to invest with an objective of wealth creation, 20% invest with an objective of getting tax exemption, whereas 16% save and invest for education of children and 14% invest for marriage of children.

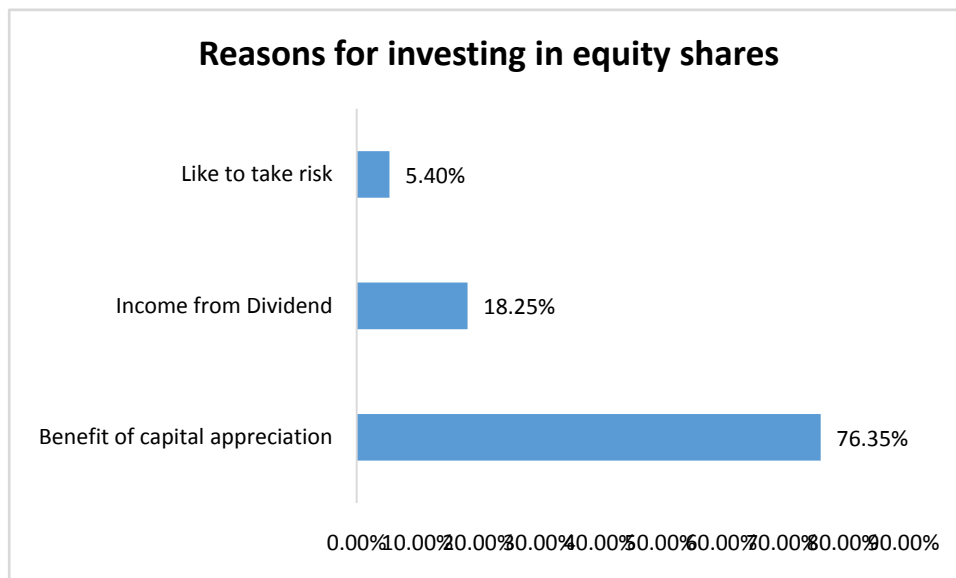
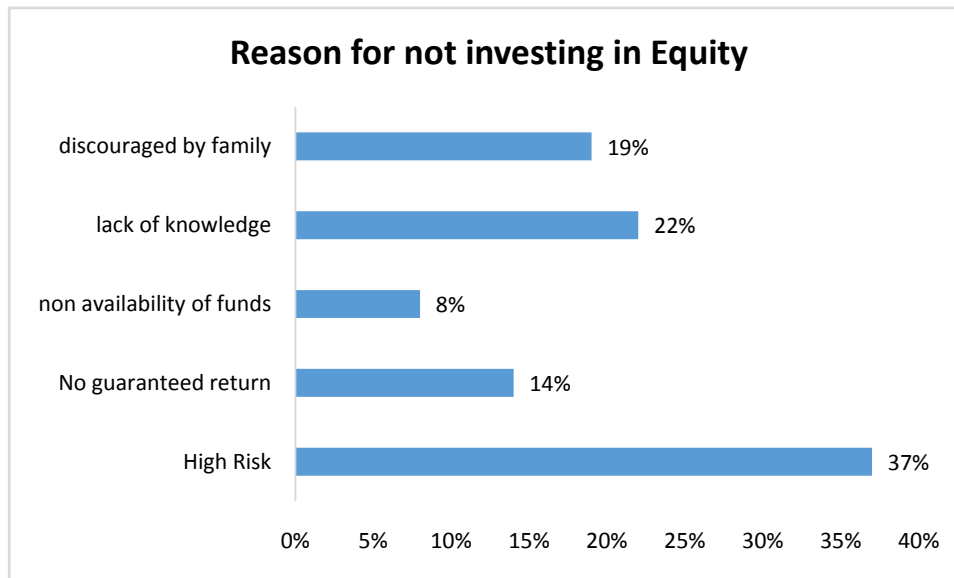


Fig. 3 (Source: Primary Data)

An attempt is made to study the reasons behind investing in equity shares, it is found that out of those who prefer to invest in equity shares, majority i.e. 76.35% working women prefer equity investment because of the benefit of capital appreciation attached to it. 18.25% prefer equity investment to enjoy the benefit of dividend and 5.4% prefer equity investment because they like to take risk.



**Fig. 4 (Source: Primary Data)**

From the above figure 4, it is found that, out of those who do not invest in equity, majority, i.e. 37% of working women feel that investment in equity is highly risky, 22% of the working women are afraid of equity investment due to lack of knowledge, 19% of working women are discouraged by family for equity investment, 14% feel that there is no guaranteed return and remaining 8% do not invest in equity due to lack of funds.

### **Conclusions**

Today, over 1 billion women participate in the global workforce. More and more women are becoming the heads of their households, earning more than their husbands, rising faster and further in the workforce, and starting entrepreneurial ventures. Much work has been done to identify the demographic trends underlying the growth in wealth creation experienced by



women over the past two decades. It is found from the research that, majority of women who invest in equity belong to much younger age group, also still majority of the women are afraid of investment in equity based securities the reason being high risk involved in it and lack of knowledge. However, capital appreciation is the advantage that attracts majority of the working women towards equity based investment.

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