

## Factors affecting Women' Investment Decisions: An Analytical Study

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**Abstract:** *The present study aims to identify and analyse various factors that affects the women's investment decisions while making a choice of investment from various investment avenues. The key factors identified by the author for this study are interest rate, safety, maturity, liquidity regularity of return, tax benefit, risk and resale. For the purpose of study, author aims to identify the relationship of various factors affecting women's investment decision based on their educational qualification and occupation. The survey was conducted through structured questionnaire and five hundred women response was recorded and analysed with appropriate statistical tool and testing of hypothesis. This paper highlights the facts on who women's education and occupation status relates to their ability to interact and interpret various factors that affects their choice of investment and their decisions.*

**Key Words:** *Investment decisions, financial knowledge, financial skills, risk & return analysis, financial literacy, investment market.*

### 1. INTRODUCTION:

India is witnessing a huge expansion in the investment markets are expanding day by day. The range of financial products and services has widened the horizon of investment and has brought various investment planning firms, professionals & experts to customize investment options and plan to suit the requirement of various distinct investors.

The current environment has resulted into overabundance of financial products and lack of clarity and access to information on distinguishing aspects of these products has resulted into uninformed decision making among consumers. At times products are perceived to be different and difficult due to the complexity of technical jargon and competitive strategies of various financial institutions. Other important concern that underlies there is the level of financial knowledge which varies based on several demographical, educational and occupational determinates.

Women, all over the world, are actively engaged and engrossed with their participation in economic frontier and financial market. Their significant involvement and endeavour in various field and economic sectors has made them focus on their money management and investment goals now then ever before. In India, the investment options as significantly increased, with many women centric financial products and schemes. Women's financial literacy and awareness plays major role in understanding and analysis of various investment options and factors underlying and influencing choice of each set of financial products and services. Women's education and occupation are one of the most prominent determinates in their financial independence and quality of their investment decisions. While planning their financial goals and investing their hard-earned money they need to equip themselves with thorough knowledge of investment and understand every factor affecting their financial decision with utmost clarity and information to overcome challenges of uninformed and unapprised financial decision.

Furthermore, the investment options for women in India significantly increase their monthly and yearly earnings. It is wise for them to gather more details about plans from different sources that give ways to make the right decision.<sup>1</sup>

### 2. LITERATURE REVIEW:

Eikmeier (2007)<sup>2</sup> has shown in his research that financial education can lead to financial knowledge and bring positive changes in attitudes and tend to motivate a planned behaviour. The basic barrier women face is the "What If" factor. They worry about what will happen to them if they get divorced or if their spouse/partner loses his/her job. There are many things that can happen if women are totally dependent on someone for their financial well being. Such Life changing events may ruin their lives and add grief that would further weaken their judgement and ability to make financial decisions. It is said that 9 out of 10 women will manage their own finances at some point in their lives. The

<sup>1</sup> <https://iiflinsurance.com/knowledge-centre/term-insurance/top-10-investment-options-for-women-in-india>

<sup>2</sup> 35 Eikmeier, B. J. (2007). Trends drive opportunities for financial planning for women. *Journal of Financial Planning*, 20(6),6

researcher further observed that women make or influence 80 percent of consumer purchases and therefore they need more simplicity, security, predictability and easier means to understand financial information

Jarecke, Taylor, & Hira (2009)<sup>3</sup> has made an attempt to study the pedagogy of financial literacy program designed for the women and strive to identify the impact of these financial programs on educational need. The programs included in this case study are: Wi\$eUp: Financial Planning for Generation X & Y Women, Women's Financial Education Series, and Financial Education for Women (pseudonym). The finding of the research presented the fact that these financial education program has shared similar practices and they are in line with research that are consistently conducted on women's learning preference and financial literacy. Rather than developing an awareness of various structural forces in the society, this program have significantly emphasise on the need of women's financial education and is concerned with technical understanding and psychological developmental emancipation. The approach of these programs were seemed to be gender exclusive with very negligible understanding of its instructional designed on ethnicity, race, class, sexual orientation and its overall impact on learning of financial literacy

According to Anthes & Most (2000)<sup>4</sup>, financial challenges women face are often the result of income disparities among the sexes, shorter employment tenure, fewer opportunities to save, the financial impact of care giving, and the fact that women are often financial enablers. The researcher states in their study that today's society need people to be financially literate by considering the alarming increase in home foreclosures, bankruptcy rates, high consumer debt levels, and low savings rates. Much of this is a result of an inadequate understanding by individuals of how to effectively manage personal finances.

Morris, V. B., & Morris, K. M. (2005)<sup>5</sup> A Woman's Guide to Investing is book that encourages women of all ages to define their financial goals and describes how smart investing and careful planning can help achieve financial success. It also deals with financial issues such as divorce and managing money with a family. Women face many barriers for financial wellbeing. The term financial literacy is a barrier because it implies that a person may be financially illiterate. Making financial choices and discussions concerning money and financial issues can cause a certain level of discomfort if a woman is uncomfortable discussing it. The label of illiterate creates another barrier. It gives the perception of a person not understanding or not having the knowledge to understand. Women also face different circumstances in their life that may create barriers to becoming financially secure.

Into (2003)<sup>6</sup>, explains that, many financial habits and behaviours learned when we are young influence successful aging. As women get older they take on new roles in their life and they will look to the coping skills they learned in their youth. Researcher has examined the vulnerability of older women with regard to their personal finances. He tried to analyse what resources and coping skills are used by older women and what strategies might be implemented to assist these women in maintaining or improving daily management of their money. Three tools were used to examine the current patterns of daily use of money of a sample of non-institutionalized women (n=23): focus groups, individual interviews, and written surveys. The findings brought forward the need for education in budgeting and planning, availability of resource people to answer questions regarding financial paperwork and the value of networking for peer education. He explored early learned behaviour regarding the daily use of money and stressed that locus of control was found to be achieved with financial independence.

Klatt (2009)<sup>7</sup> has assessed women's financial literacy by using literature review and online survey with the assumptions that there are some obstacles that prevents knowledge and understanding of financial matters to be translated into actual behaviour of women. The literature review explored the subjects of financial literacy, financial barriers, challenges women face, and investing and investment strategies. The purpose of the survey was to identify the knowledge and understanding of women's financial literacy and to determine if there are resources available to them concerning money management and financial literacy. The findings of the research indicated that there is a need for workshops and seminars on money management and investing, and appropriate material and training programs should be presented based on the type of the audience as women invest differently from men. Together with their inheritance role of nurturer and caretaker they should be encouraged to take up business traits and financial skill for meet up the priorities of their life more effectively. Overall this research presented the fact that women are interested in availing the learn opportunities for money management and investing. It also emphasises that it is advisable to educate women at a young age, so they do not end their life in poverty.

<sup>3</sup> Jarecke, J., Taylor, E. W., & Hira, T. (2009). A case study of national financial literacy programs for women

<sup>4</sup> Anthes, W. L. & Most, B. W. (2000). Frozen in the headlights: The dynamics of women and money. *Journal of Financial Planning*, 13(9), 130-142

<sup>5</sup> Morris, V. B., & Morris, K. M. (2005). *A woman's guide to investing*. McGraw Hill Professional.

<sup>6</sup> Into, F. H. (2003). Older women and financial management: Strategies for maintaining independence. *Educational Gerontology*, 825-839

<sup>7</sup> Klatt, M. E. (2009). An Assessment of Women's Financial Literacy. *Basılmamış Yüksek Lisans Tezi*, Wisconsin-Stout Üniversitesi, Amerika Birleşik Devletleri.

### 3. RESEARCH METHODOLOGY:

The current research study is analytical and descriptive in nature, and it attempts to understand various factors that affects the women’s investment decisions while making a choice of investment from various investment avenues. The research framework comprises of research problem, objectives, data collection & methodological framework, hypothesis, implication, and limitation of the study.

- Title of the study: “Factors affecting Women’ Investment Decisions: An Analytical Study”
- Research Type: Descriptive and Analytical.
- Data Source: Primary Data
- Data Collection: Survey- structured Questionnaire
- Sample Size: 500 women respondents

#### 3.1 OBJECTIVE OF THE STUDY:

- To identify and understand various factors that influences women’s investment decision.
- To analyse how women’s education helps them to evaluate the factor of investment.
- To interpret factors affecting women’s investment decision based on the occupation status.

#### 3.2 HYPOTHESIS OF THE STUDY:

1. H0: There is no significant association between women’s education level with factors affecting women’s investment decision.  
 H1: There is significant association between women’s education level with factors affecting women’s investment decision.
2. H0: There is no significant association between women’s occupational status with factors affecting women’s investment decision.  
 H1: There is significant association between women’s occupational status with factors affecting women’s investment decision.

#### 3.3 TOOLS AND TECHNIQUES OF ANALYSIS:

Various other tools of SPSS Software like frequency analysis, descriptive analysis, cross tabulation, multiple cross tabulation, variable computation and recoding of variable etc have been used to have effective analysis of data and its logical conclusion. Test of reliability, correlation, median, and Standard Deviation have been applied to test the validity of the hypothesis.

### 4. DATA ANALYSIS AND RESULTS:

Table 1 shows the classification of respondents according to their level of education. It represents 71 respondents from under graduation, 152 respondents from graduate, 201 respondents from postgraduate and 76 respondents from the category of others education alternatives like Chartered Accountant, Fashion designing, interior designing etc.

<b>TABLE 1</b>					
<b><u>DISTRIBUTION OF RESPONDENT BY EDUCATION LEVEL</u></b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under Graduate	71	14.2	14.2	14.2
	Graduate	152	30.4	30.4	44.6
	Post Graduate	201	40.2	40.2	84.8
	Other	76	15.2	15.2	100.0
	Total	500	100.0	100.0	

Table 2 shows the dissection of respondents according to six different states of occupation. Highest numbers of respondents are 122 from the category of private job. 91 respondents are professionals, 77 respondents are doing government job and 73 respondents are self-employed. There 68 respondents who are pursuing their studies and fall into the category of students. 69 respondents are housewives who are managing their home and family.

**TABLE 2.**  
**DISTRIBUTION OF RESPONDENT BY EDUCATION LEVEL**

Occupation		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	68	13.6	13.6	13.6
	Housewife	69	13.8	13.8	27.4
	Government Job	77	15.4	15.4	42.8
	Private Job	122	24.4	24.4	67.2
	Professional	91	18.2	18.2	85.4
	Self Employed	73	14.6	14.6	100.0
	Total	500	100.0	100.0	

With reference to education status and choice of occupation it can be observed that majority of the students are from graduation level and housewives are from undergraduate level. UG and PG students are majorly involved in government jobs. Women seeking profession generally have PG and Specialised education. Self-employed women are majorly from PG and UG.

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**Figure 1 Education and Occupation**

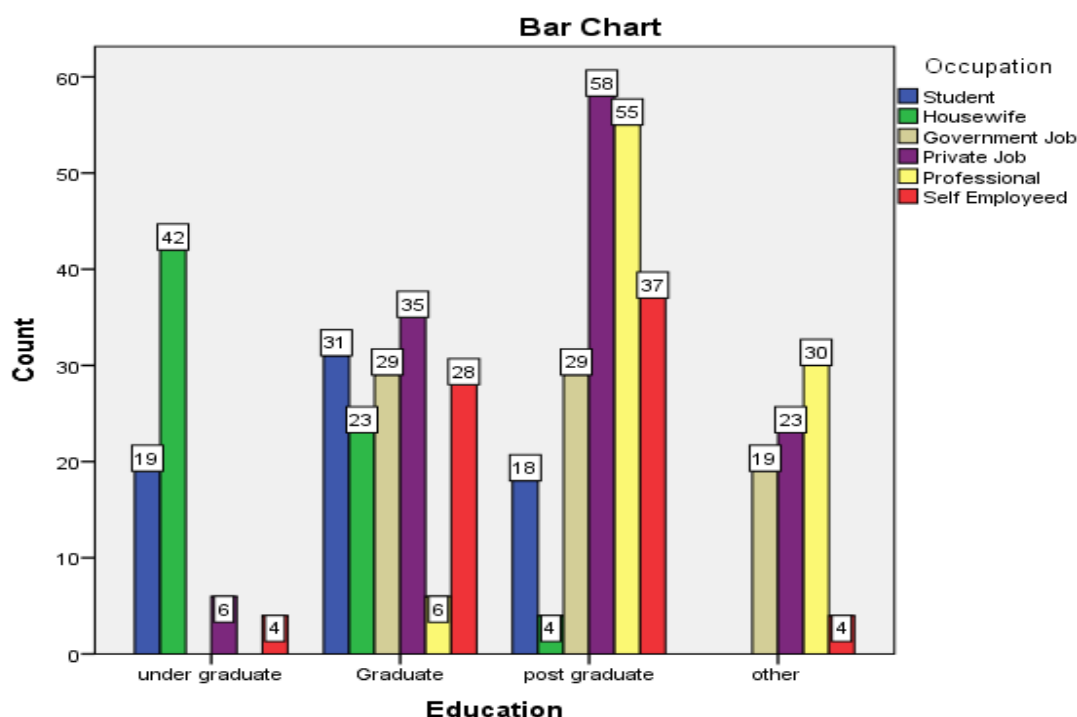


Table 3 exhibits that 28 respondents have stated that they are completely ignorant about personal finance management, of which 20% were housewife, 8% were student and 6.6% were professional. 95 respondents attested that they have less knowledge about personal finance of which 29% belong to self employed women, 26% of students and 24% housewife. 53% of women in government job, said that they have average knowledge. On the other hand, 32% of respondents in government job feels they have sound financial knowledge.

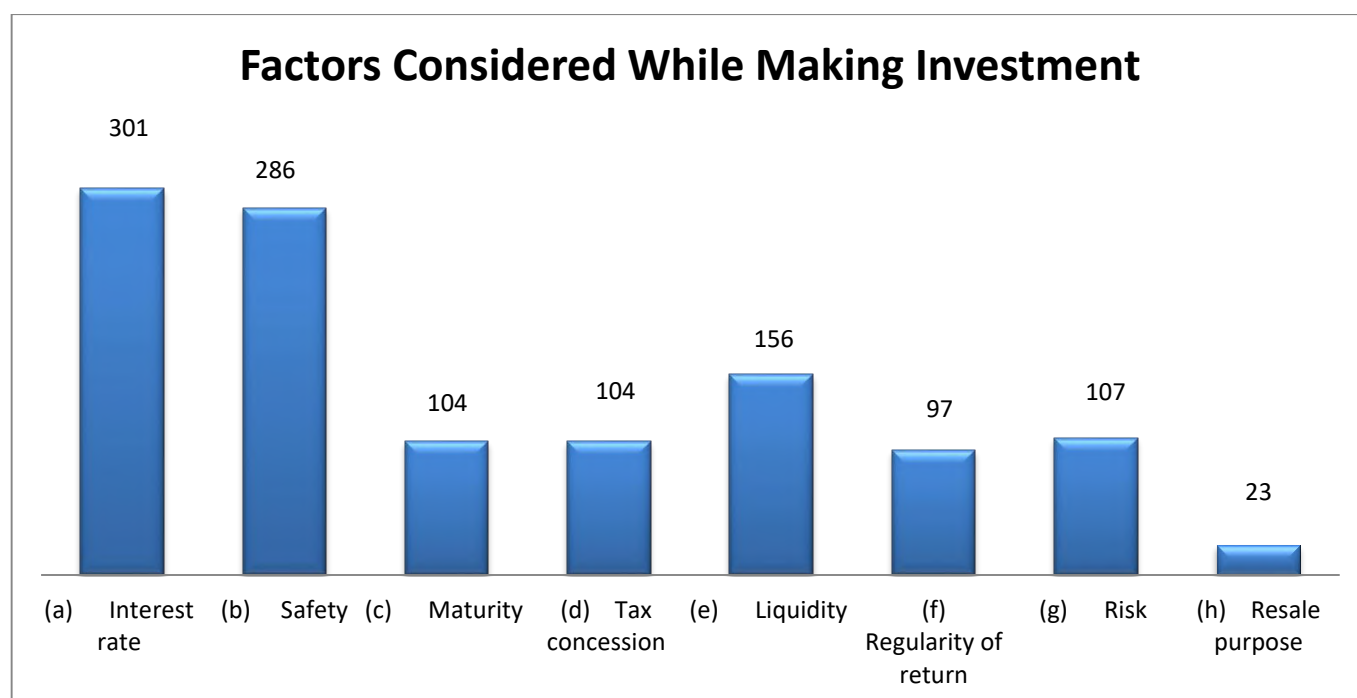
**Table 3**  
**Crosstab of Grade of financial knowledge in relation to the occupation**

	What grade would you give yourself in terms of your knowledge about personal finance?	Total

		Ignorant	Less Knowledgeable	Average	Knowledgeable	Highly knowledgeable	
Occupation	Student	6	18	30	14	0	68
		8.8%	26.5%	44.1%	20.6%	0.0%	100.0%
	Housewife	14	17	30	8	0	69
		20.3%	24.6%	43.5%	11.6%	0.0%	100.0%
	Government Job	0	13	41	18	5	77
		0.0%	16.9%	53.2%	23.4%	6.5%	100.0%
	Private Job	1	19	41	56	5	122
		0.8%	15.6%	33.6%	45.9%	4.1%	100.0%
	Professional	6	7	18	51	9	91
		6.6%	7.7%	19.8%	56.0%	9.9%	100.0%
	Self Employed	1	21	23	26	2	73
		1.4%	28.8%	31.5%	35.6%	2.7%	100.0%
	Total	28	95	183	173	21	500
		5.6%	19.0%	36.6%	34.6%	4.2%	100.0%

While making a choice of investment from various investment avenues stated above, women gave utmost importance to interest rate and safety. More than 70% of weightage was given to these two factors i.e., interest rate and safety. Around 38% weightage was given to the liquidity aspect of investment. These three factors were found to be the first three priority group by women respondents. Risk is again an important associated element with investment, and it had 4<sup>th</sup> position and consideration. Undergraduate women, unemployed women, women investing in stock market were found to be more sensitive to risk. Around 25% of investments were made looking at the aspect of regularity of income and tax consideration and women belonging to nuclear family had better consideration of this fact compared to women in joint family. Tax concession and benefits factor was considered by women engaged in private and government job. Factor like Maturity and period of investment was preferred private employed women, self-employed women, women who were post graduate and women belonging to age group of 26-40 years. Hardly 5.6% made investment with resale purpose.

Figure 2 Factors Affecting Women’s Investment Decisions



## TESTING OF HYPOTHESIS

In order to test the hypothesis and significance of the study, the researcher has made use of SPSS version.20 to analyse the quantitative data. The distribution of population was found to be non- normal and therefore non-parametric test were appropriate used to test the hypothesis of the present study.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Item	N of Items
.736	.703	129

While testing the reliability of questionnaire data, Cronbach's Alpha test was used, which show that the value is 0.840 which is greater than 0.7. It was therefore, confirmed that, the instrument is reliable to measure the Women's investment decision and factors affecting it.

## HYPOTHESIS OF THE STUDY:

1. H0: There is no significant association between women's education level with factors affecting women's investment decision.  
 H1: There is significant association between women's education level with factors affecting women's investment decision.

		Interest rate	Safety	Maturity	Liquidity	Regularity of return	Tax benefit	Risk	Resale	
Education	Spearman Correlation	Correlation Coefficient (r value)	-.268	-.105	-.115	.118	.168	.129	-.040	-.023
	Sig. (2-tailed)	.000	.034	.020	.017	.001	.009	.425	.638	
	N	500	500	500	500	500	500	500	500	

There is a negative association between education level and factors like interest rate, safety, maturity, risk and resale which affects women's investment decision. On the other end, it can be observed that relationship of factors like liquidity, regularity of return and tax benefit are positive related to women's education level. It can be concluded that, at 5% level of significance, there is a significant association between women's education level and factors affecting women's investment decision ( $p < .05$ )

2. H0: There is no significant association between women's occupational status with factors affecting women's investment decision.  
 H1: There is significant association between women's occupational status with factors affecting women's investment decision.

Occupation and education has no significant impact on the factors that affects women's purchase of financial products or service.

		Interest rate	Safety	Maturity	Liquidity	Regularity of return	Tax benefit	Risk	Resale	
Occupatio	Spearman Correlation	Correlation Coefficient (r value)	-.036	-.189**	-.003	-.016	.111*	-.079	-.078	.025

	Sig. (2-tailed)	.473	.000	.952	.748	.025	.110	.114	.608
	N	500	500	500	500	500	500	500	500

Table 6, shows that the correlations between except regularity of return and resale purpose have negative relation with occupation. It can be observed that p value of all the factors is above 0.05 expect in case of safety. Hence, null hypothesis is accepted. It can be concluded that all the factors affecting investment decision(safety) are unrelated to occupation of the women. There is no significant association between women's occupational status with factors affecting women's investment decision (p. .05).

## 5. FINDINGS AND SUMMARY :

It was observed that the correlations between all the factors except regularity of return and resale purpose have negative association with occupation. It can be observed that P-value of all the factors is above 0.05 expect in case of safety. Hence, null hypothesis is accepted. It can be concluded that all the factors affecting investment decision (except safety) are not associated to occupation of the women. There is no significant association between women's occupational status with factors affecting women's investment decision (p >.05).

There is a negative association between education level and factors like interest rate, safety, maturity, risk and resale which affects women's investment decision. On the other end, it can be observed that factors like liquidity, regularity of return and tax benefit are positively related to women's education level. It can be concluded that, at 5% level of significance, there is a significant association between women's education level and factors affecting women's investment decision (p < .05)

## 6. CONCLUSION:

The present study identifies various factors that are critically evaluated while making sound investment decisions. In the light of the fact, the major factors that influences the investment decisions of women are rate of interest, safety and liquidity. Women's education has favourable impact in evaluating various factors and making sound financial decisions. However, their occupation status contributes relatively while evaluating and weighing the impact of factors that affects the investment decision. It is also observed that their family and peers influence the choice of financial products and plan and are the first-hand information provider and/or advisor while making financial decisions. Women are more risk averse and therefore source for more information while making financial choices and weighting the alternative financial products.

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