

A Conceptual Review on Investment Behavior of Women

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ABSTRACT: Today's women are financially independent and ready to pool their savings in a profitable avenue to maximize their wealth. Women investors are participating frequent in investing activity and do not make sound investment decisions. Investment is important for the wellbeing of individuals and for the economic development of a nation. Investing money is a very complex task because of number of investment companies and products offered by them, terms and conditions of investment and complex rules and regulations. As the investments in some avenues are subject to high risk, the investors have to analyze the various alternative investments in terms of risk and returns associated with them. There are number of investment options are available. There are various investment avenues such as Savings account, fixed deposits, Government Securities, Corporate Bonds, Insurance policies, Real estates, Commodities, Shares and Mutual funds, Chit Funds and Gold and Silver. The investors invest their savings in the above mentioned avenues depending on their risk taking attitude. While taking investment decision, the behavioral aspects, awareness level of investors, risk attitude, investment habits, and common understanding of market play an important role in making a sound investment decision. The present study intends to present the detailed overview of previous studies on investment behavior and pattern of women.

Keywords: Investment behavior, avenues, share market, women investors.

Introduction

The people usually invest their savings where they can get maximum returns and safety of their money. Investment activity is essential for the growth and development of a nation. The individual investor plays an important role in the stock market because of the big share of their savings are invested in the country. The decision of making investment is always based on the relationship between risk and return. The term investment means employment of funds in any assets and securities with the aim of earning return or capital appreciation. Investment is the allocation of funds to the profit generating asset in future. Investment is an economic activity which generates capital needed for various sectors of economy. The selection of investment is a difficult task which requires considerable skills and knowledge for analysis of available options. Moreover, a sound investment decision in stock market may lead to the higher return and maximum satisfaction. But it seems difficult for people to analyze the various options to find out suitable investment avenues because of lack of awareness whereas people don't know even where to invest and how much to invest. Therefore, analysis of behavior of investors is essential to find out various positive and negative aspects of investment in stock market.

Women are financially independent nowadays. Women are actively participating in investing their savings by analyzing the various factors such as degree of risk associated with investment, influence of family members and friends and the capability of investing in modern and innovative investment avenues.

The main objective of this study is to present concept of investment behavior and patterns of women and explore the detailed review of previous empirical studies on investment behavior of women.

Research Methodology

This is a theoretical research based on previous researches undertaken by researchers on investment behavior of women. Other secondary sources including books, magazines, newspapers, working and discussion papers and government websites were also used. The descriptive approach has been used.

Analytical review

The review of previous studies has been summarized as:

Lusardi et.al (2009) explored the reasons for not investing in the stock market. The study was conducted on 7,138 respondents in US. The findings depicted that ignorance of investors towards the various factors was the basic reason of poor investment decision. There are various reasons such as lack of awareness, lack of participation and poor borrowing behavior of the investors. **Kathirvel and Mekala (2010)** made an attempt to examine the investment behavior of investors. The study was carried out on 150 women respondents of Coimbatore district in Tamilnadu. The results found that lack of knowledge about the stock market and different investment options prevents women for investing in share market. The authors concluded that insecurity and high volatility in stock market are the concerned issues for women investors. **Hanmugasundaram (2011)** evaluated the factors influencing the decision of investors for investing in the stock market. The behavioral dimensions have been analyzed for the investors in Tamilnadu. The study depicted that small investors are still dependent on the advice of others such as companies and financial advisors. This reflects the low confidence of investors for taking the decision. The results found that investors behave differently during the changing market conditions. **Kukreja (2012)** measured the perception of the investors for investment in capital market. The present study has been conducted on 120 investors of NCR region. The finding suggested that age of the respondents significantly affects the

investment decision and education had significant impact. The study used 119 variables to examine the perception of investors and these variables ascertained 72% impact in measuring the perception level. The study concluded that investment benefits and influences had high relevance in stock market investment. **Kaur and Vohra(2012)** identified the various reasons that stop the women from investing in the stock market. The findings revealed that the participation of women in stock market is limited due to lack of knowledge and education about the stock market. The authors concluded that specific and relevant information should be provided to women to ensure their proper dealings in stock market. The various steps like conducting educational workshop to make them aware about the various investment avenues should be undertaken. **Bhatt (2013)** made an attempt to measure the perception of working women for making investment in stock market. The findings indicated that working women make their investment in various avenues. It was observed that there is no significant relationship between the education level and investment decision and there was found significant relationship between the age of the women and income level. **Durga rao et.al (2014)** analyzed the various investment areas available for investment. The stock market enhances the funds raising capacity of firms and channelizes the household savings to profitable avenues. The authors opined that stock market dealings are easy and simple if the investors have proper knowledge about the all aspects of the stock market. The investment patterns of investors depend on their risk level and attitude of investors and it is important in understanding the stock trading. The investors mainly invest in mutual funds, insurance and shares. The authors concluded that awareness programs and seminars for investors are still needed. **Goyal and Sharma (2014)** examined the risk bearing capacity of the investors and explained that investment is the common issues for middle class families to meet their future expenses. The authors investigated that investors have adequate knowledge of various investment options such as bank deposits, real estate and bullions but investors are not more aware about the stock market instruments like share, debenture and bonds. The study revealed that investors had misconception regarding investment in share market as they opined that share market means more fluctuations in returns and high risk which leads to huge loss. The effective programs and policies should be formed to create a sense of security in share market. **Koti (2014)** examined the behavior of investors for various investment avenues and perception of investors of Hubli region towards stock market. The findings showed that investors make investment because of buying home and keeping their future safe. These are the main goals of investing their money in stock market. The authors concluded that Investors usually prefer investment in bank deposits and their effective investment source was internet, family and friends. **Mistry (2015)** attempted to investigate the behavior of investors in stock market and their perception and attitude for different avenues. The preferred source of information which influences the decision of investment by the investors was highlighted. The 150 investors in Bharuch were selected for analyzing their psychology regarding investment in stock market. The findings depicted the positive relationship between the decision making of investors and market conditions. Most of the investors had not considered the financial factors before investing in stock market. **Kavitha (2015)** analyzed the relationship between the attitude of investors and stock market investments. The results showed that there was found significant relationship between the attitudes of investors and investment in stock market. The study suggested that positive attitude of investor leads to the effective trading in stock market due to the introduction of appropriate strategies. There was found significant relationship between the perception of investors for stock market and their attitude to participate in dealings. The study concluded that stronger regulations for stock market should be enforced to ensure the protection of investors. **Lokhande (2015)** studied the level of awareness of rural investors for investment in stock market and for various investment options. The 300 respondents of Aurangabad have been engaged to know their preference for investing in stock market. The study was carried out only on the rural investors to examine the differences between the awareness level and qualifications of rural investors. The study found out no significant difference in awareness level and education level has been observed. The rural investors were focusing more on the government banks due to safety and security of their funds. The second priority of investors was gold followed by real estate indicating the traditional view of investors.

Apparao and Babu (2015) highlighted the awareness level of investors of Andhra region, their investment pattern and various options available for investment. The findings suggested that adequate knowledge of various investment avenues leads to the sound decision making about investment. The risk level and return associated with a particular investment depends on the choice of the investors. There are several investment avenues such as saving certificates, mutual funds, provident fund, insurance scheme, equity, bonds and debentures, postal savings and real estate. **Sathiyamoorthy and Krishnamurthy (2015)** highlighted the awareness level and investment pattern of working people in Tiruvannamalai district of Tamilnadu. The investors distribute their savings in various investment avenues to earn higher return. Most of the chose for safety and selected the fixed deposits as most preferred avenue for investment. There were factors such as age, education, gender, family size and income which influence the decision of investment. The respondents saved their money in bank deposits for the safety purpose and the most commonly preferred investment avenues are investment in banks. The purpose of investing money is children future, marriage, education and for other purposes.

Shanthi and Murugesan (2016) described the objectives of women investors for investing in stock market. The study was conducted on 60 women respondents in Namakkal district of Tamilnadu. The results reflected that the women investors invest in stock market with the objectives of appreciation of money, security and income stability. The authors concluded that working women prefer safety and higher return regularly on their investment but full awareness is still needed for women and government should take effective measures in this regard.

Banumathy and Azhagaiah (2016) evaluated the level of awareness of investors for investing in stock market. The primary data were taken from 290 investors of Puducherry. The findings suggested that there was significant difference between the awareness level of male and female for stock market and there was observed significant difference among qualification, age and occupation of the respondents with reference to awareness level. **Jisha and Gomathi (2017)** analyzed the investment and income pattern of respondents that were the working women in Coimbatore. The main objective of the study was to ascertain the relationship between the income and investment of the women employees. The results showed the major impact of income level on the savings of employee and the working women preferred safety and regular return on their investment. The women had different expectations from the investment depends on their nature such as most of the women wanted capital appreciation, interest and long term saving.

The study suggested that a sound investment decision depends on the adequate knowledge and skill required for stock market. **Sarkar and Sahu (2017)** attempted to highlight the importance of demographic aspects and risk attitude of investors to analyze the investment behavior. The survey was conducted on the investors of in West Bengal region. The authors found out that the investors whose age falls in the category (28-37) generally invested more as compared to other respondents of the study. Most of the investors were found well educated and qualified. The majority of the investors were belonged to the business class indicating that generally business man takes more interest in share market investment.

Kumar Sarkar and Nath Sahu (2017) explored the investment behavior, awareness and risk attitude of 500 investors selected from the districts of West Bengal. The study revealed the significant impact of awareness and risk attitude on the investment behavior of individuals. The authors concluded that investors are moderately aware about the working of stock market and considered the financial awareness more reliable than social learning. The risk attitude of investors were found in sound position and based on the cognitive ability of investors. **Malathy and Saranya (2017)** explored the factors which directly influence the perception of investors for investment in stock market. The study found various factors such as return and risk level, profitability, share price, market demand, dividend policy, company image and financial performance. These factors highly affect the decision of investment and some of the factors were ranked highly such as return on investment, company image, dividend policy and financial performance. The investors considered return on investment is the most significant factor which influence the investment decision because to earn expected return is the main aim of investor. **Assefa and Rao (2018)** examined the investment preferences for various investment avenues. The data were collected from working employees in Wolaita Sodo, Ethiopia. The findings showed that the overall level of awareness of investors in Ethiopia is low, and most of the respondents were not aware about financial concepts related to stocks, bonds, mutual funds, and the compound interest. The respondents had the similar orders of preference for all investment avenues.

Conclusion

The present research focused on various previous empirical studies on investment behavior of women which suggest the suitable investment strategies for the women investors because a thoughtful investment decision in stock market is essential for growth and development of an economy. The analysis of previous studies will help the future researchers in accurately measuring the behavior of investors about the investment options and the need of investors.

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