

To determine preference of working Women for investment in Stock Market and Mutual Fund

Prof. (Dr.) Frince C Thomas

Assistant Professor

Centre for Management Studies

Dharmsinh Desai University

NADIAD. – 387 001

Dist. Kheda – Gujarat – India

Prof. (Dr.) Naresh K Patel

Dean and Professor

Faculty of Management & Information Sciences

Dharmsinh Desai University.

Nadiad 387001

Dist. Kheda – Gujarat – India

Abstract

Women in India are now actively participating in all activities such as education, politics, media, science and technology & becoming financial independent. With this changing scenario, women have started actively participating in investing their surplus money. Their decision though depends upon the various parameters such as the degree of their risk-taking capability, the influence of family members and friends, and income level etc.

For the study, only two of the Investment Avenues were chosen which are Mutual Funds and Stock Market. A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. A stock market is the aggregation of buyers and sellers of stocks (also called shares), which represent ownership claims on businesses.

The main focus of the research paper is to identify the investment pattern of working women belonging to different economic condition, social strata, and the purpose of their investments in the Stock market and Mutual funds. The main objective of the study is to determine the factors that women investors consider and their purpose while investing.

Key Words: Women Investor, Investment, Stock Market, Mutual fund.

INTRODUCTION

An Investor invest her money in the market with an investment objective such as Wealth Maximization, and Future Security etc. There are a lot of investment avenues available for the investors to achieve their objectives. They are Bank deposit, Post office savings, Government securities or bonds, Real estate, Gold, Mutual fund, Commodities, Insurance, Shares, Public provident funds, pension funds, chit funds etc. All these are avenues have different characteristics in terms of Liquidity, Growth, Risk, Return, and Safety etc. In the past, women were investing, mostly in gold, ornaments etc. But nowadays, the attitude of women towards investment has been changed. Women are more involved than ever in their household's investment and financial decision making. But there are many factors like marital status, education, and age etc. which affect investment decision of women. This study talks about the Investment pattern of women while investing in stock market and Mutual Funds, also which factors they consider while making

an investment decision.

MUTUAL FUND

A Mutual Fund means:

- A trust that raises money through sale of units.
- Investors get access to professional management.
- Source for corporate to raise money.
- Plays an active role in building wealth and generating income for investors.

Mutual Funds are a trust that collects money from many investors who share a similar investment objective. Then, it invests the money in equities, bonds, money market instruments and/or other securities. It offers an individual an opportunity to invest in diversified and professionally managed securities at a low cost. (Securities Laws & Capital Market, 2018).

STOCK MARKET

The stock market is an important and interesting source of income for both companies and shareholders. The stock market makes it possible for almost anybody to buy stakes at a company that they know and have faith in. People who have been trading in company shares have seen it become a habit and then in many circumstances, their regular source of income. It is a very lucrative business as well for the shareholder once he gets accustomed to the rules of the trade. She/he can see her/his hard earned capital on the rise in multiples if she/he is perseverant and dedicated enough. The stock market provides a lucrative opportunity for investors to rapidly grow their money. There is hardly any better way around to making a quick buck! But at the same time, the stock market is also very unpredictable and, in certain instances, it is a high- risk proposition. (Hayes, 2019).

DIFFERENCE BETWEEN MUTUAL FUND AND STOCK MARKET

The most obvious difference between a mutual fund and the stock market is that whereas the Mutual fund is a low risk low profit form of investment, the stock market is a high risk high profit one. The returns in the stock market are much higher and quicker, and given the precondition that you are able to dedicate your full unbiased time to the stock market, there is no better option available. But at the same time, the risks are double. So, if you do not have the time, never invest in the stock market. As you know that stock market is full of risks but if you manage to overcome it, you can be successful. Stock market as defined is the market in which shares of publicly held companies are issued and traded either through exchanges or over-the-counter markets. Also known as the equity market, the stock market is one of the most vital components of a free-market economy, as it provides companies with access to capital in exchange for giving investors a slice of ownership in the company. It is considered another option to raising money for funding the company's growth instead of debt. (Amadeo, 2020).

LITERATURE REVIEW

- According to Tripuraneni Jaggaiah and Samiya Mubeen (2018) in their paper "Perception Of Indian Women Investor Towards Investment In Mutual Funds" have identified various factors affecting perception of women investors . It includes factors such as Diversity, Risk, Return, Safety, Tax Benefits and Income. The study conducted that most of the women are aware of different mutual Funds scheme and the preferred reason for investing in fund is consistent returns given by these funds.
- According to Abhishek Sharma, Tony Douglas and Piotr Jaworski (2015) in their paper "Market Research On Factors Influencing Women's Preferences In Investment Decision Making" have analyzed that investment decision is being affected by the demographic, psychographic factors of

the individuals. The individuals may be equal in all aspects but their investment decision varies with their own perception towards various investment plans. It also concluded that various features of investment plans also have an effect over the investment decision making.

- According to Sambhaji Mane and Ravi Bhandari (2014) did a study on “A Study of Investor’s Awareness and Selection of Different Financial Investment Avenues for the Investors”. The study found that the respondents preferred to invest in financial products which give risk free returns. The most influential information source is family and friends for investment decision. Most of investors are not financially literate and as their age increases there is decrease in risk tolerance level. Females are investing more in gold as compare to other investment avenues.
- According to T. Sisili, S. Gokul Kumar, S. Sivakumar, and G. Manikandan (2018) published a paper on “A Study on Investors Behaviour Over Investment Options” The study found that males invest more as compared to females. Males invest more in Insurance and FD whereas females invest in PPF, Gold and FDs. The respondents who belonged to age group between 35 to 50 years invest more compared to other age groups. It was studied that respondents who are financially illiterate are not willing to purchase financial products as they didn’t have much knowledge about where to invest and what factors to be considered while investing.
- According to V Venkateshraj (2015) in his paper “A Study on Investment Pattern among Employed Women” have studied the relation between the investment pattern and the sector of employment of the respondent. Investment pattern and nature of job, investment pattern and the educational background of the respondent and investment pattern and the age of the respondent. The study concludes that as a woman grows older, her Investment portfolio could get altered due to change in his marital status, commitments, family size, work experience, product preference and decision making process.
- According to Sreelatha Reddy K & Lalitha Narayanan (2015) in their paper “Investment pattern of working women in the twin cities of Hyderabad and Secunderabad” have examined the investment pattern and awareness of the women investors about different investment instruments such as bank deposits, life insurance schemes, bullions, corporate security- bonds, mutual funds, and equity and preference shares, pension plan, Real Estate and post office schemes. The study has also analyzed the factors influencing their perception and preferences. The study found that women have greater tendency towards risk aversion and is one of the reason that they look for more safe and steady return investment patterns.
- According to Neha S Shukla (2016) in her paper “A Study of Investment Preference of Working Woman of North Gujarat Region “ have determined Women’s awareness about different avenue & the factors that affect their investment decision. In the study it was found there is no relationship between education with investment while there is significant relationship between Age and Income. The objective which was found common among major women was investment for children’s future.
- According to Priya Vasagadekar (2014) in her paper “A Research Paper On Investment Awareness Among Indian Working Women With Reference To Pune Region “ have concluded that because of high level education, women are getting the best job offers with high take home pay packages. It has become the present day need for working women in India to increase their wealth. As most of the women are low in financial literacy, it becomes hardly possible for them to manage their portfolios on their own. Also the risk bearing capacity of working women in India is low. This is due to lack of sound financial knowledge.
- According to R. Sellappan , S. Jamuna and Tnr. Kavitha (2013) in their paper “Investment Attitude of Women towards Different Sources of Securities: A Factor Analysis Approach” have found that out that married women are more curious in making investment than the unmarried. As well as the younger are mostly like to invest in shares mutual funds, insurance and fixed deposits than the older women. The middle age persons prefer to invest in real estate source of investment. So the

government, Bankers and Financial institutions can introduce lot of schemes of investment based on segmentation of the age and marital status factors to acquire more funds.

- According to Gaur Arti, Julie Julee and Sukijha Sunita (2014) in their paper “Difference in Gender Attitude in Investment Decision Making in India” have found that Female investors tend to display less confidence in their investment decisions and hence have lower satisfaction levels and female investors are more cautious vis-à-vis males with regards to prospective investment in equity shares especially if availability of funds is low.

RESEARCH METHODOLOGY

RATIONALE OF STUDY

Investors who choose to invest their money have many investment options available to them in the market. Investors according to their requirements, capacity and goal choose a particular option. It is observed that each investor behave differently at the time of making decision while choosing an investment option. Their decision varies due to impact of various factors such as personal, social and economical, etc. Therefore, this comparative study would focus on behavioral pattern of female investors while investing in Stock Market and Mutual Funds. The study will also give some suitable explanation for the Investors purpose/reason for choosing a particular investment option.

OBJECTIVES OF THE STUDY

1. To study the investors preference towards Mutual Funds and Stock Market.
2. To understand various factors while choosing an investment option by the investors.

Research Design

Descriptive Research has been chosen for obtaining complete and accurate information.

Research Approach

The Research approach adopted in the study was survey approach.

Research Instrument

The research instrument to be used in the study is Questionnaire and Personal interview method. The questionnaire includes close-end questions only.

Data Collection

Primary Data:

- 1) Qualitative : Personal interview method
- 2) Quantitative : Questionnaire

Secondary Data:

- 1) Books
- 2) Magazines
- 3) Online reports

Sampling Plan

Targeted population: Female Investors Sampling

Method: - Convenient Sampling and Sample size: - 104

Hypothesis generation:

- 1) Ho: There is no significant association between Age and Investment Preference.
H1: There is significant association between Age and Investment Preference.

- 2) Ho: There is no significant association between Marital Status and Investment Preference.
H1: There is significant association between Marital Status and Investment Preference.
- 3) Ho: There is no significant association between Occupation and Investment Preference.
H1: There is significant association between Occupation and Investment Preference.
- 4) Ho: There is no significant association between Annual Income and Investment Preference.
H1: There is significant association between Annual Income and Investment Preference.
- 5) Ho: There is no significant association between Investment Objective and Investment Preference.
H1: There is significant association between Investment Objective and Investment Preference.

Hypothesis testing

Chi square test was conducted to test, if there is any association between the age and investment preference. It is observed that the chi square value to be 13.847, $p < 0.05$, hence at 5% significance level H1 is accepted, i.e. There is an association between the age and investment preference of the respondent.

Chi square test was conducted to test, if there is any association between the marital status and investment preference. It is observed that the chi square value to be 10.654, $p < 0.05$, hence at 5% significance level H1 is accepted, i.e. There is an association between marital status and investment preference of the respondent.

Chi square test was conducted to test, if there is any association between occupation and investment preference. It is observed that the chi square value to be 9.852, $p < 0.05$, hence at 5% significance level H1 is accepted, i.e. There is an association between occupation and investment preference of the respondent.

Chi square test was conducted to test, if there is any association between income and investment preference. It is observed that the chi square value to be 5.263, $p < 0.05$, hence at 5% significance level H1 is accepted, i.e. There is an association between income and investment preference of the respondent.

Chi square test was conducted to test, if there is any association between investment objective and investment preference. It is observed that the chi square value to be 12.569, $p < 0.05$, hence at 5% significance level H1 is accepted, i.e. There is an association between investment objective and investment preference of the respondent.

Findings

The demographic picture of the data shows that majority of the respondents belonged to the age group between 20 and 30 followed by age group 30 and 40. Also, majority of the respondents are Married and working as private sector employees. The respondents are well educated and have varied Investment

objective/purpose while making an Investment.

The study shows that 56 out of 104 respondents preferred Mutual Funds as an investment option and 28 preferred stock market and rest preferred both. The reasons behind selecting Mutual Funds by majority were mainly due to Diversification and Professional Management. The reasons behind selecting Stock Market were mainly due to Dividend Income, Ownership and Capital Appreciation. The respondents considered Risk, Return, Liquidity, and Safety as important factor while tax benefits and past performance is given less importance.

From the above data analysis we can conclude that Age, Education Background, Occupation type , Number of dependent Members and Investment Objective have a significant association with the Investment preference. All these variables affect the investment decision of an individual.

Discussion

People are becoming more aware day by day in every aspect whether that is of shifting towards cashless, using smart phones for banking, shopping etc. or getting independent in the case of selection of Investment options. Earlier people used to prefer bank fixed deposits, saving account and PPFs as their investment option, as it was considered safer. But nowadays investors understand the availability and benefits of various other investment options available in the market.

The study conducted shows that Majority of the women investors prefer mutual funds above stock market as an investment option. Diversification of portfolio and Professional Management is the main factors of mutual fund that allure the women investors. Capital Appreciation and Dividend Income is the main factors of stock market that allure the women investors.

The primary purpose which drives women to save is uncertainty regarding future situations and Wealth Maximization. Women have a nature of saving; therefore they invest their savings into wide range of financial products and physical assets.

Recommendations

During the study there is a huge potential of prospective investors who were untapped at its fullest. There are many women who still believe investing their money in Market is not a good investment. If mutual fund agencies and stock marketers, conduct and organizes more seminars, workshops then the investors would come forward to invest in various mutual fund schemes and equities. The number of broker advisors should be increased in order to create awareness about their stock brokering services to attract new customers/investors.

Investors have the perception that risk in stock market is higher than mutual funds. So the companies should be more transparent by publishing monthly reports and providing other detailed information required.

Women should focus on making a formal financial plan to have a focus on the financial goals. The employers could organize investment and financial awareness programmes by experts in office. This could help them in taking good financial decision.

Limitations of the study

Sample size of the study is limited to 104 only. The sample size may not represent the whole market. The personal bias of the respondents might have some influence on the study.

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