Behavourial Biases and Investment Decisions of Working Women in India

Dr.R.Bindu
Associate Professor, Department of Business Management
RBVRR Women's College, Narayanaguda, Hyderabad

Abstract:
The overall purpose of this research is to gain knowledge about key factors that influence investment behavior and ways these key factors impact investment decision-making processes among women. It further explores types of educational processes and materials that can transform investment behaviors among women. The study gives an insight about the investing pattern of women. Women are perceived as risk aversers. So, this project aims at understanding the investment behavior of women investors by taking their responses on various factors like risk, return etc.

Introduction
After the global financial crisis of 2008 and 2009, the Indian financial sector has now emerged stronger. The investments and savings are increasing in terms of volumes and number of investors. As the number of investors is increasing, the most common discussion based on gender biasness again becomes the interest of investors. There are number of studies, which have shown that the financial behavior of men and women differ significantly. Women hold low risk tolerance i.e. are more risk averse than men and also sometimes earns less returns from their investments. Except this, women invest more conservatively their financial resources and have shows low confidence regarding their financial decisions. In this paper we are studying the investment behavior of individuals, residing in the territory of India, dividing them in the strata of male and female with reference to their preference for investment alternative, their risk behavior, the level of confidence regarding their financial decisions, the factors which influence their behavior, etc.

Literature Review:
There are number of studies available, which have discussed the difference in financial behavior of male and female investors and the factors which influence this behavior. Researchers like Suden et al.(1998) Julie R. Agnew (2005), Perrin (2007), Oslen and Cox(2001), Schmidt &Sevak (2006) shows that women are more risk averse then men in general and this defines their choice of less risky assets in their portfolios.

Graham (2002) found that women have less confidence regarding their decision related to financial issues. Fellner & Maciejovsky (2007) reveal a systematic correlation between gender and risk attitudes. Further Fellner & Maciejovsky (2007) find that women prefer less volatile investments and exhibit lower market activity, e.g. they submit fewer offers and engage less often in trades. Women give a lot of priority and importance to the advices given by Financial Advisors (FA) and depend on them for...
guidance than men. Female investors are more detail oriented; and want to read more and understand financial matters better and they ask more questions than male clients (Worley, 1998). Jianakoplos & Bernasek (1998) test gender differences in investment behavior on a large data set drawn from the Survey of Consumer Finances (CFS) 1989. The analysis reveals that single women are relatively more risk averse than single men or married couples.

Women give a lot of priority and importance to the advices given by Financial Advisors (FA) and depend on them for guidance than men. Female investors are more detail oriented; and want to read more and understand financial matters better and they ask more questions than male clients (Worley, 1998).

Some studies concluded that since women earn less compare to men, they have lower wealth accumulation and hence lower investment and saving rates [Blau & Kahn (2000), Moore & Shierholz (2004), O’Neill (2003)].

**Objective:**

1. To study the relationship between age group and investment philosophy.
2. To study various factors that impacts women investor while taking investment decision.
3. To study of the knowledge base of female investors about investments and various options available.
4. To identify the long term investment objective of women investors.
5. To study Risk Appetite of women investors.

**Research Methodology:**

This study is based on the responses of selected sample of 152 women investors. The data was collected through personal interviews and convenience sampling is used. Non parametric test Chi-square is used to test the hypotheses along with the graphical representation.
Findings and Analysis: Following are the analysis of first three objectives:

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Pearson Chi-Square</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is no significant relationship between Marital status and Risk taking Attitude</td>
<td>5.898</td>
<td>0.207</td>
<td>Null Hypothesis</td>
</tr>
<tr>
<td>There is no significant relationship between no. of dependents and investment amount</td>
<td>4.319</td>
<td>0.229</td>
<td>Null Hypothesis</td>
</tr>
<tr>
<td>There is no significant relationship between age and investment philosophy</td>
<td>1.223</td>
<td>0.874</td>
<td>Null Hypothesis</td>
</tr>
</tbody>
</table>

Interpretation: All the null hypotheses are accepted which shows that there is no significant relationship between the various demographics such as age, marital status and no. of dependents and the investment behavior of women.

Further, following is the analysis of data to achieve rest of the objectives:

Interpretation:

Majority of the women are of the opinion that long term growth is the most important factor to be considered while taking investment decision. Retirement income is another important factor to be considered as with the advent of privatization and increasing private sector employees, retirement income has also become important factor considered by women investors. Return ranks 3 as women investors are happy with moderate return & prioritizing long term growth more, as against the set perception. For modern women investors risk is not a very important consideration while making investment decisions.
Knowledge base of female investors about investments and various options available

How knowledgeable are you about investing and the various options available?

- I have no investment experience = 1
- I have a basic understanding about investing and have made some investment = 2
- I have been investing for few years in different types of assets = 3

![Pie chart showing percentage of responses]

Figure 1 Knowledge base of female investors about investments and various options available.

Most of the women have been investing in different types of assets for some years, while a lesser percentage have some basic understanding about investment. A very small percentage of women have enough investment experience. The reaction of women investors on decreasing portfolio value

Figure 1.2 The reaction of women investors on decreasing portfolio value.

What would your reaction be, If in 6 months after placing your investments, your portfolio decreases in value?

- Transfer your money in more secure investment options = 1
- You would be concerned, but would wait to see if the investments improve = 2
- You would leave the investments in place expecting the investments to improve = 3
- You would invest more funds to lower your average investment price = 4

![Pie chart showing percentage of responses]

Most of the women can tolerate moderate level of risk and can wait for improvement by leaving their portfolio’s in place. Around 29% of female investors said that they will be concerned about the decreasing value of their portfolio. 17% women said that they will transfer their funds to safer investment options. While only 14% of the women said that they would invest more funds to lower their average investment price. The women of this age in not very conservative as far as investment is concerned and is willing to take moderate level of risk.
Risk Appetite of women investors

Majority of the females 62% showed their agreement in investing in avenues that are growing in spite of high risk. While 15% of the female respondents are highly optimistic and willing to take high risk in investments. Very few women investors were found to be negative towards investing in such securities.

The preferred investment avenue by women investors

**Interpretation:** Most of the women investors prefer to invest in low to moderate risk options as they are majorly moderate level risk takers. Most of them prefer to invest in bank deposits, post office deposits, gold & Silver and Govt. Securities that are considered to be safer investment avenues.

**Conclusion:**

According to the study, different demographic factors such as age, marital status and no. of dependents do not have significant impact on investment behavior of women. The most important criteria that is considered while investing is long term growth. For modern women investors risk is not a very important consideration while making investment decisions. However, a very less percentage of women have enough investment experience. Women investors are also optimistic for their current and future investments and usually invest in bank deposits, post office deposits, gold & Silver and Govt. Securities that are considered to be safer investment avenues.
References:


2. Bajtelsmit, V. L., & VanDerhei, J. A. (1997), Risk aversion and retirement income adequacy in


