

# THE INVESTMENT BEHAVIOUR OF WORKING WOMEN INVESTORS IN INDIA

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**Abstract:** Investment is the act of buying a financial product or valuable asset with the hope of receiving favorable returns in the future. One's future well-being can be significantly impacted by investing, which is an important subject. There are several options available to investors for where to put their funds. Each of these investment options has a different risk and potential return profile. The main purpose of this study is to know the investment behaviour of working women investors, their level of awareness regarding the Indian stock market and to know the impact of psychological factors on working women while making investment decisions in the Indian stock market. For that purpose, a structured questionnaire was used to collect primary data. Convenience sampling method have been used. The study revealed that, the main purpose of their investment is to meet their future expenses and they believe that the risk associated with equity shares is high. It is also found that, most of the women invest their money in companies with stable expected returns and do not invest in risky stocks. They are highly aware of NSE/BSE while less aware of the technical and fundamental analysis of the market. It can also be seen that the investment decisions of women investors are highly influenced by herding bias while variables of overconfidence bias have low and moderate impact on their investment decisions. Along with this, the research outcomes will provide valuable insights to investment managers regarding the investment behaviour of working women investors. This study will also be useful for policymakers and researchers to understand the factors that affect the personal investment decisions of working women. Additionally, it will help working women investors recognize and manage their biases when making investment decisions, leading to smarter investment choices and reducing risks while maximizing opportunities for returns.

**Keywords:** Investment Decisions, Women Investors, Psychological Bias, Herding Bias, Overconfidence Bias, Indian Stock Market.

## I. INTRODUCTION:

*"A woman is economically empowered when she has both the ability to succeed and advance economically and the power to make and act on economic decisions."*

**-The International Centre for Research on Women**

For women investors, the act of making financial investments has been a significant decision throughout history. Investment involves utilizing the surplus income of a family, beyond regular expenses, to acquire assets that can potentially generate additional income. Alternatively, investment can be described as the allocation of funds to one or more assets, intending to hold them over a future time period. According to Graham, "Investment is putting money into something upon thorough analysis, with the expectation of gain that has a high degree of security for the principal amount, as well as security of return, within an expected period of time." In essence, investment involves a careful consideration of financial resources with the expectation of profitable returns, coupled with a commitment to preserving the security of the invested capital.

In India, the financial market comprises two main segments: the money market and the capital market. The money market facilitates the trading of short-term financial instruments with maturities of less than a year, while the capital market deals with medium and long-term instruments such as shares, debentures, and bonds etc. This distinction allows for efficient trading of diverse financial products. The securities market, a subset of the capital market, encompasses both the primary and secondary markets. The primary market focuses on the issuance of new funds by companies through methods like Initial Public Offerings (IPOs), private placements, rights issues, and offers through prospectuses. On the other hand, the secondary market provides a platform for the trading of existing shares and debentures. The stock market, synonymous with the equity or share market, serves as a trading platform for publicly traded and privately held companies. It enables the buying and selling of stocks, indicating ownership in a company. The stock exchange is a key component of the stock market, acting as the venue for trading securities among investors. Stock exchanges are regulated entities, with the Securities and Exchange Board of India (SEBI) overseeing the regulatory framework in India. Stock markets play a crucial role in mobilizing long-term funds and ensuring liquidity for shares and debentures. They are often considered barometers for measuring a nation's economic efficiency. Stock exchanges provide a continuous market for various securities, including bonds, debentures, and derivatives. The regulatory oversight, such as that provided by SEBI in India, aims to prevent fraudulent activities and safeguard the interests of small investors. The dynamic nature of financial markets has led to the introduction of innovative and flexible financial instruments, reflecting ongoing changes and advancements in the financial landscape.

## TYPES OF INVESTMENT AVENUES:

There are number of investment options are available which are as follows:

- **Fixed Deposit (Bank):** One of the most traditional and secure methods of saving money is through fixed deposit financial instruments. They can serve as passive means of saving money and earning profits without than necessarily being active investing instruments. In a financial institution, a predetermined sum of money is set aside for a predetermined period of days, months, or years. As a result, interest is generated on this money. The interest rate varies depending on the duration of the deposit and the banking company.
- **Public Provident Fund (PPF):** PPF is a long-term investment plan that is well-liked by people looking to generate significant but steady returns. The main goal of someone registering a PPF account is to ensure that the primary is properly saved. When a PPF plan is created, the applicant is assigned a PPF account where interest is compounded and funds are deposited on a monthly basis.
- **Equity Shares:** "Stocks or equity are shares that are issued by companies and are bought by the general public. This offers an avenue to companies to raise funds. Stocks entitle a customer ownership of a company. Shares, stocks and equity all imply the same thing. Shares are one of the most popular investment avenues in the world. This is because the returns offered by stocks are generally higher than any other financial instrument. However, to balance out the high return associated with stocks, the risk associated with these products is also quite high."

- **Post Office Savings Schemes (POSS):** The post office savings schemes are popular due to their high rates of return. POSS's monthly income plan is most appropriate for retired or those with steady income requirements. It is very low risk because it is a government savings initiative.
- **Life Insurance (LIC):** Life Insurance Corporation of India (LIC) is a state-owned insurance company providing life insurance services. It offers various life insurance products, including term plans, endowment policies, and unit-linked insurance plans, aiming to provide financial security and protection to policyholders and their families.
- **Mutual Fund:** Mutual funds are professionally managed investment vehicles that pool funds from various investors to invest in a diverse range of securities on their behalf.
- **Saving Account (Bank):** Banks hold deposit accounts that pay interest, called savings accounts. They permit an individual to retain a portion of their funds in the bank for quick access. Interest is another way they make money. Having a savings account with a bank helps a person to have money available in case of an emergency.

## II. LITERATURE REVIEWS:

1. **Bhope, A. (2023),** The goal was to examine how women's decision-making abilities are impacted by behavioural biases when it comes to long-term equity investments. The results of the study demonstrated a statistically significant impact of investor biases on the decision-making abilities of female investors in the equity segment. This finding supports the notion that personality traits play a major role in decision-making, whether it be in everyday life or when making financial decisions.
2. **Sachdeva, M., Lehal, R., Gupta, S., & Garg, A. (2023),** To determine the factors influencing Indian stock investors' herding behaviour. The results of this study showed that Investor Cognitive Psychology, Market Information, and Stock Characteristics were the top-ranked elements influencing herding behaviour, while Socio-Economic factors were found to be the least important.
3. **Aswathy K, Gonzaga.R., & Francis, J.S. (2022),** The aim of the research was to examine the general public's awareness of the stock market and its instruments. The results showed that most of the participants were aware of stock market, but some were hesitant to make investments in these instruments because they were afraid of losing money or did not know enough about safe investment options.
4. **Subhash, M. K. S., Padale Ankush, G., & Uddhav, M. T. (2022),** The main goal of this study was to know how women behave when making investment in the Indian stock market and the study concluded that, there was a gender disparity in the experience with investing since most female investors were profitable in the stock market and suffered the least amount of loss while making an investment compared to their male counterparts. Due to their disciplined attitude and risk aversion, women were more cautious investors than males.
5. **Veena, M. (2020),** The goal of this research was to determine the variables affecting working women's investing behaviour as well as to evaluate how these variables affected the behaviour. The study discovered that working women's investing decisions were highly influenced by psychological variables. Additionally, a few of these elements had a favourable and some negative impact on working women's investing habit.
6. **Kappal, J. M., & Rastogi, S. (2020),** The objective of this study was to identify the factors influencing their investing decisions and their investment behaviour. This study revealed that, female entrepreneurs who viewed investments as long-term tools were risk-averse and extremely cautious. In business, they were willing to take chances, but not when it came to choosing investments. This low-risk behaviour can be attributed to a variety of factors, such as a lack of time to fully comprehend investments and a lack of product expertise.
7. **Kaur, M., & Vohra, T. (2016),** To investigate the investment preferences of women stock as well as non-stock investors in Punjab. The study's findings indicated that Punjab's women investors' top investment option was fixed deposits. In contrast to women stock investors, who demonstrated less enthusiasm towards the stock market, women non-investors would like to make stock market investments in the near future. This study brought to light the fact that women who had previously made stock market investments were dissatisfied and desired to take their money out.

## III. OBJECTIVE OF THE STUDY:

The main aim of this study is to examine the investment behaviour of women investors and to know the impact of overconfidence bias and herding bias on decision making of women investors at Indian Stock Market.

## IV. RESEARCH METHODOLOGY:

For this research study, a descriptive research design was used. Both primary and secondary sources have been used in order to collect pertinent data. the secondary data was collected from different sources such as studies published in national and international journals, websites, article, etc. A structured questionnaire was formulated and sent to respondents (women investors) via e-mail and other social media platforms to collect primary data. A sample of 200 respondents was collected using the convenience sampling method. The statistical tools such as percentage analysis, mean score, and rank analysis have been used to analyse the data.

## V. DATA ANALYSIS AND INTERPRETATION:

**TABLE. 1: DEMOGRAPHIC PROFILE**

Variables	Category	Frequency	Percentage
AGE (in years)	Below 20	9	4.5
	21 – 30	47	23.5
	31 – 40	81	40.5
	41 – 50	42	21
	Above 50	21	10.5
MARITAL STATUS	Single	64	32
	Married	86	43
	Divorced	35	17.5
	Widow	15	7.5

<b>EDUCATION</b>	Undergraduate	34	17
	Graduate	90	45
	Postgraduate	76	38
<b>OCCUPATION</b>	Government Employee	73	36.5
	Private Employee	81	40.5
	Self-Employed	36	18
	Professionals	10	5
<b>ANNUAL INCOME</b>	Upto Rs. 2,50,000	11	5.5
	Rs. 2,50,001 – Rs. 5,00,000	38	19
	Rs. 5,00,001 – Rs. 10,00,000	91	45.5
	Above Rs. 10,00,001	60	30
<b>INVESTMENT EXPERIENCE</b>	Below 2 years	72	36
	3 – 5 years	93	46.5
	6 – 10 years	27	13.5
	Above 10 years	8	4

Source: Primary Data

**Interpretation:** The Above table shows that, Majority of the female investors are in the age group of 31- 40 i.e., 40.5% and only 4.5% are below 20 years. 32% of the female are unmarried, 43% of them are married, 17.5% are separated from their partners and 7.5% of them are widow. It can also be seen that 17% female are undergraduate, 45% are graduate and 38% of them are postgraduate. Majority of the female investors i.e., 40.5% are working in private sector, 36.5% females are government employees, 18% are self-employed. Most of the women 45.5% having annual income of Rs. 5,00,001 – Rs. 10,00,000 and 46.5% females have an investment experience of 3-5 years and only 4% females have investment experience of above 10 years.

**TABLE.2: INVESTMENT OBJECTIVE**

Variables	N	Mean Score	Rank
Wealth creation	200	2.21	2 <sup>nd</sup>
Future Expenses	200	2.08	1 <sup>st</sup>
Tax saving	200	2.32	3 <sup>rd</sup>
Liquidity	200	2.45	4 <sup>th</sup>

Source: Primary Data

**INTERPRETATION:** The above table shows that, the main purpose of the majority of the investors are investing their earnings to meet their future expenses. Some of them have invested their money for the purpose of wealth creation, to save tax and liquidity.

**TABLE.3: WHOSE OPINION YOU CONSIDER BEFORE MAKING AN INVESTMENT?**

Variables	N	Mean Score	Rank
Family members	200	2.16	3 <sup>rd</sup>
Friends	200	2.27	4 <sup>th</sup>
Own decision	200	2.07	2 <sup>nd</sup>
Financial consultant	200	1.98	1 <sup>st</sup>

Source: Primary Data

**INTERPRETATION:** The study shows that, majority of the women take advice from financial consultant before making their investment decisions. While others make decisions regarding investments by their own, some relied on their family and friends.

**TABLE.4: ARE YOU AWARE OF VARIOUS INVESTMENT OPTIONS?**

Investment Avenues	N	Mean	Rank
Equity share (Stock Market)	200	3.02	7
Bank fixed deposit	200	1.95	2
Public provident fund	200	2.09	3
Post office saving schemes	200	2.21	4
Life insurance (LIC)	200	2.32	5
Mutual fund	200	2.67	6
Saving accounts (banks)	200	1.89	1

Source: Primary Data

**INTERPRETATION:** The above table revealed that, most of the women are highly aware of banks saving accounts and least aware of equity shares.

**TABLE 5. LEVEL OF RISK ASSOCIATED WITH EQUITY SHARES**

Equity share	N	Frequency	Percentage
High	200	141	70.5
Moderate	200	38	19
Low	200	21	10.5

Source: Primary Data

**INTERPRETATION:** It can be seen that, 70.5% of the women have said that the risk associated with equity shares are high while 19% of them said that investing in equity shares are moderately risky and only 10.5% have said that low risk is associated with equity shares.

**TABLE.6. LEVEL OF AWARENESS OF WOMEN REGARDING INDIAN STOCK MARKET**

Statements	N	Mean	Rank
Are you aware of Indian stock exchanges (NSE & BSE)?	200	2.16	1
SEBI is the sole authority for new capital issues.	200	2.39	3
SEBI protects the interests of investors.	200	2.47	4
Are you aware of recent changes regarding single licence policy for equity trading and commodity?	200	3.25	9
Awareness with regard to Investor protection measures.	200	2.94	7
Aware with technical and fundamental analysis of industry.	200	3.11	8
Are you aware of the commission charged by the brokers for buying and selling of shares?	200	2.61	5
Do you know about major stock market indices such as Sensex and Nifty?	200	2.73	6
Are you aware of demat accounts (like Zerodha, Grow etc).	200	2.23	2

Source: Primary Data

**INTERPRETATION:** The above table shows that, most of the women are highly aware of Indian Stock Exchanges i.e., NSE & BSE and they are also aware of demat accounts such as zerodha, grow etc. They are moderately aware about security exchange board of India protects the interest of investors, commission charged by the brokers and also regarding major stock indices. However, they have less knowledge regarding the investors protection measures, technical & fundamental analysis of the industry and also not aware of recent changes in single license policy for equity trading.

**TABLE.7: RISK APPETITE**

Statements	N	Mean	Rank
Investment in risky stocks for better return.	200	2.32	4
Investment in familiar companies.	200	2.13	2
Invest mostly in companies with stable expected returns.	200	2.05	1
Investors reduce risk by diversifying portfolios.	200	2.24	3

Source: Primary Data

**INTERPRETATION:** It is revealed that, majority of the investors invest their money mostly in companies with stable expected return. Some of them invest in companies they are familiar with and also by diversifying their portfolio they tend to reduce risk. However, they do not make investment in risky stocks to get better return.

#### IMPACT OF BEHAVIOURAL BIASES ON INVESTMENT DECISIONS

The mean scores of these variables are taken in the current study to evaluate the impact of behavioural biases (Overconfidence and Herding) on the investment decision-making of women at Indian Stock Market by using following rules:

- If a variable's mean value falls between 1.5 and 2.5, it is considered to have low impact.
- If a variable's mean value falls between 2.5 and 3.5, it is considered to have a moderate influence.
- If an average value of a variable lies between 3.5 and 4.5, it is considered to have a high impact.

**TABLE.8: IMPACT OF BEHAVIOURAL BIASES ON INVESTMENT DECISIONS**

Factors	Variables	Mean	Impact
<b>Overconfidence Bias</b>	A1: Do you believe your investing decisions are always correct.	2.42	Low
	A2: You never go along with other people's decisions.	2.59	Moderate
	A3: Do you believe that your decision is superior to others.	2.71	Moderate
<b>Herding Bias</b>	A1: Your investment decisions are influenced by other investors' stock purchases and sales.	3.31	Moderate
	A2: Your subsequent investment decision is relied on your past investment experience.	3.54	High
	A3: When you lack knowledge about a stock, you normally do what the majority of investors do.	3.68	High

Source: Primary Data

**INTERPRETATION:** The above table shows that, the variable of "overconfidence bias" (A1 = 2.42 mean score) has low impact on investors investment decision making while other variables i.e., A2 and A3 (mean value of A2 is 2.59 & A3 is 2.71) both have moderate impact. However, the A2 and A3 (mean score of A2 is 3.54 & A3 is 3.68) variable of "Herding bias" also have high influence on decision making of women, whereas the A1 variable have moderate impact.

#### VI. CONCLUSION:

Women play a pivotal role in the overall progress of a country. Traditionally, men had the authority to decide what investments to make. The last several decades have seen an improvement in the status of women in India. They can make more money now than they ever have, and they have greater power over financial decisions. This study was conducted to determine the investment behaviour of women and to know the impact of behavioural factors on their investment decisions. Through the analysis, study shows that majority of the women were

investing their money to meet future expenses and before making an investment decision they took advice from financial consultants. Majority of the 70.5% of the women believed that the risk associated with stock market is high. Also revealed that, most of women investors were highly aware of the NSE & BSE, about the demat accounts. However, they were least aware of the equity investors protection measures, license policy for equity traders. Mostly women were investing their earnings in companies with stable expected return. The A2 and A3 variables of herding bias have high impact on investors' investment decisions.

## VII. PRACTICAL IMPLICATIONS

The outcomes of the research will help the investment manager to get a better insight into the psychology of the working women as investors. This will help them develop personalized and relevant portfolio recommendations. Second, the findings will help service providers to develop training modules for their investment advisors by sensitizing them to needs and wants of women entrepreneurs as potential investors. Third, the research will be of interest for policymakers and researchers to understand the determinants of personal investment decision-making amongst women. Finally, it will help the working women investors understand and mitigate their biases while taking investment decisions. It will lead them to take wiser investment decisions, thereby reducing the risk and maximizing opportunities of returns.

## VIII. ACKNOWLEDGMENT

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