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# INVESTMENT BEHAVIOUR OF WOMEN

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## ABSTRACT

*Women investors have always been an isolated batch. Women have traditionally been considered homemakers and their role has been home management rather than money managers. However, with more and more women entering the workforce, women have also started showing interest in understanding finance and their money. Women these days have become more successful than ever before. While the success of women has translated into more wealth creation, it has also translated into additional challenges related to their everyday family life and most importantly related to their spending and investment decisions. Money as a general rule remains a low priority for women. The paper gives a conceptual model concerning the investment behaviour of women. It is concluded that policymakers need to design programs for the economic development of women.*

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***Keywords:*** *Working Women, Investment Behaviour, Money Managers, Economic Development.*

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## Introduction

Investment is the purchase of a financial product or other items of value with an expectation of favorable future returns. Investing is a serious subject that can have a major impact on an investor's future well being. Virtually everyone makes investments. Investors have a lot of investment avenues to park their savings. The risk and returns available from each of these investment avenues differ from one avenue to another. Investment Behaviour refers to the behaviour of an individual in making his investments based on his psychographic and demographic factors like age, gender, education, and income groups.

Women investors have always been an isolated batch. Women have traditionally been considered homemakers and their role has been home management rather than money managers. However, with more and more women entering the workforce, women have also started showing interest in understanding finance and their money. Women these days have become more successful than ever before. Money as a general rule remains a low priority for women. The study provides a conceptual framework concerning the investment behaviour of working women.

## Significance of the Study

This study takes into consideration the investment behaviour of women investors. Money as a general rule remains a low priority for women and they possess neither an interest nor an overall awareness of investment issues. While the success of women has translated into more wealth creation, it has also translated into additional challenges related to their everyday family life and most importantly related to their spending and investment decisions. It is also necessary to investigate in detail the risk perceptions, subjective financial knowledge of women towards investment. It is equally important to understand how financial socialization becomes the starting point of investment behaviour of a woman. Women from all financial backgrounds, whether they are high or low-income earners can grow their wealth.

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**Background Theories**

- **Socialization Theory**

The concept of socialization covers the acquisition of the knowledge, skills, and values that make it possible for an individual to live and interact with others in the social system. Socialization is often viewed as a social process by which norms, attitudes, motivations, and behaviors are transmitted from specific sources to the learner. Agents affecting socialization processes have been classified into four categories based on the formality of the type of the agent and the role of the learner: formal agents, family or school, and informal agents, mass media, or peers (Hira, 1997).Women and men do think and behave differently in many aspects of life, including those related to money and finance because of the differential socialization process. Focus on changing socialization processes can still positively impact the well-being of women by influencing their financial decision-making and choices (Bajtelsmit and Bernasek, 1996).

- **Prospect Theory**

Prospect Theory holds that there are persistent biases driven by behavioural factors that influence an individual's choices under risky conditions for a specific situation or circumstance. It assumes that people are loss averse in which they are more concerned with losses than gains and as a result, a person will assign more significance to avoid the loss than to achieve gain.

**Objectives of the Study**

- To study the influence of financial socialization on the subjective financial knowledge of working women.
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The terms and definitions used in this study are listed in the table below:

**Table 1: Operational Definitions**

| No. | Construct | Definition |
|---|---|---|
| 1. | Investment Behaviour | Investment Behaviour can be conceptualized as the purchase of assets and securities based on the types of investment avenues, amount of investment, the term of investment, frequency of investment, goals of investment, investor interest, investment regularity and investment involvement. |
| 2. | Financial Socialization | Financial Socialization is the process of acquiring and developing values, attitudes, standards, norms, knowledge, and behaviour that contribute to the financial viability and individual wellbeing. (Danes,1994) |
| 3. | Subjective Financial Knowledge | Subjective financial knowledge is understood as individuals' self-assessment of their levels of financial knowledge (Khan et al., 2017). |
| 4. | Risk Perceptions | Risk perceptions have been defined as the investors' judgment of the risk involved in a situation.(Sitkin & Pablo, 1992) |

Source: Literature Review

**Hypotheses of the Study**

**Table 2: Hypotheses of the Study**

| Hypothesis | Statement of Hypothesis |
|---|---|
| $H_1$ | Financial Socialization positively influences Subjective Financial Knowledge. |
| $H_2$ | Subjective Financial Knowledge negatively influences Risk Perceptions. |
| $H_3$ | Risk Perceptions negatively influence Investment Behaviour. |

**Sampling Procedure**

- **Unit of Analysis**

The study takes into consideration the investment behaviour of working women in the state of Goa. Working women from all categories i.e., salaried, self-employed, professional, as well as from different sectors, i.e. Government, Semi-Government, Private sector, Business, Professionals will be considered. The sample population will consist of women working in white-collar jobs. These working women who have invested in investment avenues such as Bank Deposits, Postal Deposits, Provident Fund, Insurance, Government Securities, Mutual Funds, Shares, Real Estate, Gold will be taken into consideration.

- **Sampling Technique**

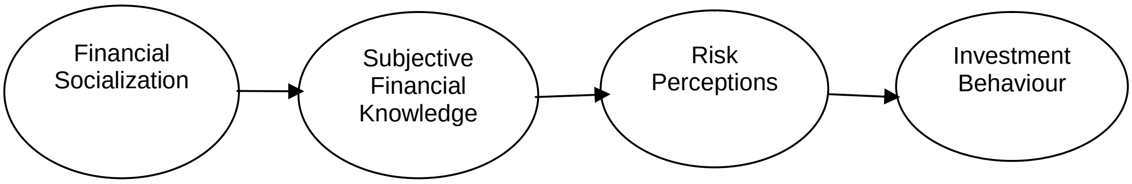
  Quota Sampling Technique will be employed to choose the respondents.

- **Sample Size**

  PLS-SEM will be used for analysis purposes. The sample size will be chosen following Gaskin (2016), who states that the sample size required in the PLS is 10 times the number of indicators for the most predicted construct, and if the construct is also predicted by other latent constructs in the causal model, then these must be considered as well.

**Hypothetical Model of the Study**

**Fig.1: Hypothetical Model**




Source: Researcher's Model

**Implications of the Study**

The article suggests that the policymakers need to design programs for the financial development of women so that there is a greater awareness created concerning investments. It is necessary to provide financial education to women to increase awareness about investments.

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