



BEHAVIOUR AND ATTITUDE OF WOMEN INVESTORS ON STOCK MARKET

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Abstract

The information of perception triggers the investment process in its own way, often leading to unrealistic apprehensions especially among individual women investors. As far as the individual women investors' perception is concerned, the women investors differ in their perception compared to their investment avenues preference. The study traces the women investors' perception relating to financial investment avenues. Earlier, women investors stuck to one particular avenue, but there is a remarkable change in the investment avenues. This is because of establishment of different financial institutions, credible source, attractive return, good capital appreciation and tax concessions. Women investors prefer less investment in capital market. They are more concerned about risk rather than return.

Key Words: Behavior, Investment, Attitude, Mutual Funds.

Introduction

The foreign and Indian researchers surveyed on women investors' behavior unanimously agree that women are not active investors, they are less likely to take above-average or substantial risk when choosing investments and their investment decisions are centered on family circumstances. Regarding women's likes and dislikes towards investment, the researchers are of the view that women do not describe themselves as being confident or knowledgeable about investing. They do not have diversified portfolios. They do not review and compare their investment performance with market benchmarks on a regular basis. They do not have control of their investments or have a consistent investment strategy. They are not satisfied with their current investment allocation. They do not invest regularly. They are less likely to have started investing early in life. Women are more willing to wait if an investment did not produce the expected return. They consult with a financial advisor when their investment did not perform as expected. This behavior well explains their cautious approach towards investment. Women's involvement in saving and investing is due to a specific life event (the birth of a child, a divorce, retirement, a death or sudden financial gain). This involvement is often sudden. In terms of learning, women are more likely to know all of the details in fine print when learning something new about investing.

Capital market is the key driver of wealth creation and growth in many countries. The regulators financial institutions and most importantly the investors keep trade of the development in the global capital markets. It is estimated that the growth of global financial stock is estimated to \$ 200 trillion by 2010. It is observed that the United States, Europe and Japan are the major contributors to the global financial stock. Due to the increasing depth in financial markets, both businessmen and investors are enthusiastic to enter capital markets and make profits. The U.S led the race with 37 percent share followed by the U.K, Japan and other developing countries. Capital market is a market for long term funds. It refers to all facilities and institutional arrangements for borrowings and lending of medium term and long term fund. It deals not capital goods but concerned with rising of money capital for investment. In the capital market the supply of funds largely from individual savings, corporate savings, banks, insurance companies, specialized financing agencies and Government. The demand for long term capital comes mainly from private sector industries and Government. A financial market consists of investors or buyers, sellers, dealers and brokers and does not refer to physical location. The participants are linked with formal trading rules and communication networks for originating and trading of financial services. Financial investments can be used to raise resources in the capital market. High net worth individuals, investors and corporate entities are engaged in purchase and selling of financial instruments in the capital market

Importance of the Study

The person saving a part of his income tries to find a temporary repository for his savings until they are required to finance his future expenditure. This results in investments, probably with expectations of some positive returns. Saving is one of the important indicators of economic development. So creating awareness about saving is inevitable in today's economic environment. Economic liberalization and securities market reforms have paved the way for potential investors to look up at the stock market and mutual funds for their investment needs. Share market is a viable investment option that can give the investors huge returns if the investment is done meticulously. There are plenty of trading options in share market such as intraday trading, delivery trading, trade in cash segment and trade in derivative segment. Similarly, there are a variety of investment choices in share market e.g., investment in growth stocks provide rapid gain or in dividend stocks for long term



provide return by means of tax-free dividend that keeps coming year on year. Investment in Mutual Fund is another viable option. In general, the mutual funds are established and incorporated to benefit small investors who cannot invest directly in money market or capital market securities due to any reason.

In order to achieve maximum profit out of investment in shares and mutual funds some amount of basic knowledge about stock market and mutual fund is very essential. There are so many mediums to keep watch on the stock market. In this age of internet and media boom, information has become easily accessible. Anyone can get detailed information on any business quite easily through internet. Companies publish quarterly and annual reports that are very much helpful to judge the financial health and soundness of the company. Business news channels like CNBC offer live stock prices throughout the day. These channels simultaneously show stock prices of different stock market along with different other matrices like the currency market, commodity market and so on. In addition, there are so many institutions who offer analysis and tips on stock trading. For a fee these institutions provide detailed analysis reports and suggestions on buying and selling stocks that are very much helpful in making profitable investments. In the case of mutual funds, the operators give direct advertisement in newspaper, TV and via brokers and mobile phones. Their Registrars & Transfer Agents also play a major role in fund mobilization. In the modern world, people tend to invest in safe avenues that yield quick and attractive returns. The introduction of online trading backed by new regulations and monitoring authorities has made it possible for Indian investors. In this mode, the investor can buy or sell stocks by himself with just a click of the mouse and that too sitting at the comfort of his home or office. There is no broker involved and there is no paper work either for online stock trading. The brokerage in online trading is also lower in comparison to the conventional stock trading. In short, online share trading has made the share market investment a profitable proposition for the individual investors. The ambitious investors may have lot of ideas in mind for taking an investment decision. The basic needs which an investor tries to fulfill include security of original capital, wealth accumulation, comfort factor, tax efficiency, life cover, income, simplicity, ease of withdrawal.

Profit or loss of investment goes hand in hand. Loss of investment is always considered a risk. There are host of reasons for ending up with a loss. Investors lose because they try to apply rational measures, fundamental and technical to an irrational market of human emotion. Loss also occur when an investor go by the flawed investment advices. The ingenuous investor is mainly governed by the hope of profit and fear of loss, especially the latter and consequently does the wrong thing at the wrong time. In this context firstly it is advisable that investor must not only price the right stocks but must correctly time the purchases and sales by anticipating the actions of others. Secondly, one should know himself for taking the right type of investment decision. Age, education, occupation, monthly income and family size are some of the deciding factors of investment. These factors are common to all, irrespective of the gender. Private investing, day-trading and playing the stock market by women in developed countries is in a rising trend. In Indian scenario, though the financial sector reforms have prompted the Indian women investors who have predominantly concentrated in Bank Deposits, Insurance and other conventional avenues of investments switch to share market and mutual fund investments, for host of reasons their involvement in stock market and mutual fund investments cannot be matched with their foreign counterparts.

It is true that deep knowledge about stock market and mutual fund is important in order to get regular and safe return out of the investment made therein. In India, basic knowledge about stock market and mutual fund among investors is very limited. There is also no separate branch of study aimed at improving the knowledge of investing in stock market and mutual fund at affordable cost in Indian school/ college level. Thus Indian investors are deprived of learning this noble art. Investible surplus money is the dire necessity for active participation in stock market and mutual fund investments. Though everyone may have some form of investment objective, in India the individual income in most of the cases will not support to achieve same. Commitments in life play an important role in women investors. Married women have more commitments as compared to unmarried women and their investment goal is centered around savings to meet education costs, marriage as well as for old age. Freedom is so important to become a smart investor. In the case of married investor, often times the investors freedom gets squeezed, when the investment happens to be a loss.

Objectives of the Study

1. To study the women investors' awareness, preferences and information search towards stock market.
2. To offer suggestions for creation of women investors awareness and satisfaction on their investment in Stock market.

Methods, Materials, Discussions and Results

The sources of data are primary as well as secondary. The data collected from the female investors' survey constitute primary data and information gathered through books, journals, magazines, reports and dailies constitute secondary data. The data



collected from both the sources are scrutinized, edited and tabulated. The data are analyzed using Statistical Package for Social Sciences (SPSS) and other computer packages.

It is also found that maximum number of respondents save 10 percent to 20 percent of their total monthly income. It is found that women investors showed their strong perception about capital appreciation and liquidity factors of shares investment. In case of mutual fund, their perception is moderate in almost all factors viz., safety, regular income, less transaction cost, risk protection, affordability, chance for continuous saving and prestige value. On the whole it is perceived that capital appreciation is a commonly agreed factor for both the avenues; but particularly in shares, liquidity factor is strongly accepted by the women investors and chance for continuous savings and prestige value are moderately accepted by the women investors.

In the case of shares, women investors look for convenient and cost efficient investment through easily approachable methods. Their investment proved the eminence in determining capital appreciation of the investment. Analysis related to source of information towards the investment avenues revealed that majority of the respondents rely on direct touch with concerned officials. It is found that protective and crystalline factors exist in shares investment because SEBI and RBI Regulations help to maintain these factors. Conservative approaches of companies have impact on investment notions pertaining to Share Market as well as Mutual Fund investment. It is found that there is a significant difference between women investors of shares and mutual funds regarding their investment decision.

As regards share market women investors are concerned, 22 percent have weak perception towards affordability and continuous savings, 47 percent are optimistic towards appreciation, liquidity and prestige value and rest of 31 percent have strong perception towards appreciation, no depreciation, regular income, risk protection, affordability, chance for continuous savings, long term investment and prestige value. The classification of mutual fund women investors exhibit three types within them. Out of which, 13 percent showed their strong opinion towards no depreciation, liquidity and affordability, 50 percent expressed strong opinion towards appreciation, no depreciation, safety, regular income, risk protection, chance for continuous saving and prestige value and the rest of 37% expressed strong opinion towards all factors including the abovesaid factors. 39 percent of women investors are cautious of share market, 51 percent felt that shares are subject to violent price fluctuation and the balance of 10 percent expressed strong opinion that Dividend is not the usual motivation and price index is best approach.

The women investors possess good economic awareness and good knowledge about different investment avenues and security of their investment. Share market women investors are highly conservative about safety of their investment and technicalities involved in share market investment. Women investors also feel that stock price movement and dividend are main phenomenon for share market. It is found that there is a significant difference between women investors of shares and mutual funds regarding their risk tolerance. It is found that women investors of mutual funds are more ready to take risk by investing in these sorts of speculative investments. Simultaneously, their risk tolerance also soars high. Intuitively, the age factor reveals that young investors of shares and mutual funds have greater (expected) number of years to recover from the losses that may be faced with risky investments. Similarly the satisfaction level of the young investors is also high. Chance for continuous savings for the women investors out of investments from mutual funds is more compared to shares. It is also found that women investors prefer long term investments in mutual funds when compared to their investment in shares.

It is also found that shares and mutual fund women investors differ in the investment satisfaction based on investors convenience, leverage and customer service. The occupational effects on risk tolerance of Mutual fund investors elucidate the fact that investors with high levels of risk tolerance are more likely to be employed in professional occupations. Investors who have little risk tolerance are more likely to be employees in Government service. The results also state that the satisfaction is higher for government servants. The results of gross household income are interpreted as an argument which states that wealthy people are more conservative with their money. But people with low levels of personal wealth view risky investments as some sort of lottery ticket. Therefore they are more willing to bear the risks associated with such payoffs. Thus a negative relation exists between wealth and risk tolerance. Thus investors of shares and mutual funds whose household income is low possess more tolerance than the higher earning group. Moreover, the nature of the asset is also not as risky as equities. But the satisfaction factor is observed to be on the higher side for wealthy investors. Thus low income saving investors of shares and mutual funds tend to be more risk tolerant. On the other hand, the satisfaction criterion is higher for the high income savers than the low savers. Thus it is concluded that the demographic profile of the investors has a significant bearing on risk tolerance and their satisfaction criterion. The non-parametric association is significant between mutual fund scheme preferences with age, education, occupation, monthly income and family size.



Non-parametric test also revealed association between percent of savings per month with age, education, occupation, monthly income and family size. Risk taking attitude of the respondent also is well associated with age, education, occupation, monthly income and family size. It is derived from One-way ANOVA table that there exists significant difference in the perception of women investors between investment in Share with respect to their age, but in case of Mutual Fund, women investors perception does not differ significantly with respect to age. From the mean value scores it is derived that middle age group women investors prefer to invest in Shares which involves more risk whereas young and older women investors prefer to invest in mutual Funds.

Suggestions

1. The women investors are advised to acquire more number of large-cap funds since these funds invest in large companies and are usually less volatile than mid and small-cap funds. The portfolio core, if it comprises such funds, will not show any sharp drop or jump in value.
2. Tax savings facilities are well correlated with Mutual Fund investment as well as Shares investment, but for long sighted notions. Government may relax the tax savings facilities to women investors for short term investment as well.
3. Liberalization and globalization have invited many women investors to invest globally through share market. Suggestion is optimistically made to ensure the involvement of RBI to protect the women investors.
4. The middle aged is willing to take more risk with the expectation of high return in a short period. Looking for immediate results is akin to gambling and is risky and often times this notion gets defeated. It is suggested that women investors need to have a long term perspective.
5. Individuals often are reasonably good judges of their likely behavior in the context of stock market risks and other financial market risks that might actually materialize. However, these same individuals all the time are not good at assessing the likelihood of risks occurring. They may seek a competent investment counselor's advice as a second opinion on their final investment plan.
6. Saving is one of the important indicators of economic development. So creating awareness about saving is inevitable in today's economic environment. Government must create more awareness among the rural and urban people about these two savings avenues among other avenues and the benefits since this type of savings pattern has not reached these people properly. Good and reliable government authorized agents should be appointed, so that people would find it easy to handle the money and mobilization of savings could be increased.

Conclusion

There is fairly consistent evidence that women are more risk-averse than men in their attitudes and behaviors towards investment decisions. Some studies argue that factors such as marital status, number of dependents, wealth and income, play a bigger role than age in explaining these different attitudes to risk. Attitudes to risk change over time. Willingness to take financial risk tends to decrease significantly among people at or near retirement. Research on measuring women investors' appetite for risk suggests that it falls sharply during economic crisis. Faced with complex decisions like investment choices, individuals use what are called naïve diversification strategies such as dividing their investment contribution equally among the number of investments offered by a scheme.

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