

AN EMPIRICAL ANALYSIS ON PREFERRED INVESTMENT AVENUES AMONG YOUNG AND EXPERIENCED WOMEN INVESTORS WITH REFERENCE TO COIMBATORE

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ABSTRACT

Investing may offer expressive benefits like status and feelings of social responsibility to each and everyone in the society. In this paper the study is about to compare the young and experienced women investors related to their investment avenues with their empirical analysis towards the success in investing in stock market. The recent studies shows that the goal of the financial independence and wealth drive millions of investors to seek out the vehicle by which success may be achieved through any investment avenues. In this paper life style characteristics that are critically influencing the women investors according to their experience level in investment decision making have been analyzed.

KEYWORDS: Investment Avenues, Investment Decisions

INTRODUCTION

The Indian capital market has witness and show a rapid growth in the past one decade as result of ongoing strategy and reforms initiated by the Government of India, since 1991. These strategy and reforms have been aimed at improving the efficiency, enhancing transparency, preventing unfair trade practices in order to bring the Indian capital market to International market.

The Indian capital market also makes an initiative steps to motivate women investors in stock market. This shows a gradual increase and interest of women investors to participate in trade practices and also show their success in the investment. Investment is made an avowed objective of maximizing the wealth. Investors need to make rational decision for maximizing their returns based on the information available by taking judgments free from emotion (**Brabazon . T, 2000**). Investor behavior is characterized by overexcitement and overreaction in both rising and falling stock market and various factors influences their decision making process.

Behavioral finance is a new paradigm of finance which seeks to supplement the standard theories of finance by introducing behavioral aspects of decision making process of the investors. It also give out the guidance to the investor for the better understanding and explain how emotions and cognitive errors influence investors and the decision making process. Many researchers believe that the study of psychology is considerable light on the efficiency of financial markets as well as help to explain stock market volatility.

The behavioral finance is used to examine the importance of relaxing unrealistic behavioral assumptions and make it more realistic rather than in diminishing the fundamental work that has been done by proponents of efficient market hypothesis.

This present study is about the women investors in the stock market operation. In general a prominent case is women are risk averse when compared to men. Indeed, there are reams a carefully designed experiment which exactly

detect risk related gender dissimilarities and thus approve it as being fair to say that women are different from men in this respect (Byrnes et al, 1999, Eckel and Grossman, 2006). The stronger overconfidence of men as absolutely undisputed and thus use gender as a proxy for overconfidence in order to explain excessive, detrimental trading behavior (Barber and Odean, 2001).

The common stereotype is that women are more risk averse than men; this stereotype is important since it can potentially explain important economic phenomena. Empirical investigation of gender differences in risk taking do point in the direction of less risk taking by women than by men (Eckel, and Grossman, forthcoming Croson and Gneezy, 2004).

This present study is carried in order to evaluate the empirical analysis of young and experiences women investors according to their preferred investment avenues. Most of the data's are collected not in order to study the age difference between the investors but rather to study other hypothesis regarding their choice of investment avenues, their source of investment, purpose behind investment, their investment objectives, what are all the factor they consider before investing and the time period preferred by them with that of the investment experience in the stock market operation. This variety allows us to test the robustness of the hypothesis.

REVIEW OF LITERATURE

Gray Charness and Uri Gneezy, 2007 they proposed a novel approach in order to find a very consistent result to show that women invest less, and thus appear to be more financially risk averse than men. For which they assemble the data from 10 sets of experiments with one sample underlying investment game.

Daniela Beckmann and Lukas MENkhoff, 2008 they proposed from their study that women are significantly more risk averse, tend to be less overconfident and behave less competitively oriented. They also suggested out from their study that women behave differently in three domains, which are highly important in financial industry as risk taking, confident decision making and tough competition are part of fund managers and also the women are shy away from competition.

Dr.V. Shanmugasundram, Dr. V. Balakrishnan, Dr. M. Syed.Zafer, 2011 shows that investing may offer expressive benefits like status and feelings of social responsibility besides utilitarian benefits like low risk in combination with high returns.

In their study the consider how the life style characteristics that are critical in influencing investors investment decisions are analyzed and they also came with the findings that there are some life style characteristic variable significantly influences the investment decision of investors.

Dr. T. Ramachandran, P.S. Rajeswari, S. Chinnathambi, 2011 came with the study of examining the 100 small investors related to their investment behavior and perception of risk return trade off. The research have gave out that their need a more details regard to gender and religious as factor influencing the investment decision.

OBJECTIVE OF THE STUDY

The following are the main objective of the study

- To study the investment avenues among the young and experience women investors.
- To study about the source of investment among the young and experience women investors.
- To study about the purpose behind investment in various investment avenues among the young and experience women investors.

- To study about factor which the young and experience women investors will considered before investing.
- To study about the time period preferred among the young and experience women investors in stock market operation.

RESEARCH METHODOLOGY

The present study is an empirical study in order to identify the investment behavior or attitude of women investors in Coimbatore city with reference to their experience level in investment in stock market. The study area is focused towards those who are working as manger in Government or private sector, professionals, business women who have the ability to show out their presence in the stock market operation.

The study is based on personal interview of women investors, using a structured questionnaire. The present study is also used to identify the preferred investment avenues among the women investors in stock market operation. The data has been analyzed using simple statistical tools and to access the significant / association between dependent variables, chi-square test and anova us used which are processed by statistical software.

Analysis and Interpretation

Table 1: Investment Experience in Stock Market and Source of Investment

		Source of Your Investment			Total
		Savings	Inherited Amount	Money Extracted From Business	
Investment experience (no.of years)	below 2	43	0	1	44
		(97.7%)	(0%)	(2.3%)	(100%)
	2-4	18	1	0	19
		(94.7%)	(5.3%)	(0%)	(100%)
	4-6	0	0	2	2
		(0%)	(0%)	(100%)	(100%)
6-8	1	0	0	1	
	(100%)	(0%)	(0%)	(100%)	
Total		62	1	3	66
		(93.9%)	(1.5%)	(4.5%)	(100%)
Chi – Square		45.925			
df		6			
P value		0.000			

Source: Primary data

The **table no1** shows that the association between the experience level in investing in stock market with that of the source of investment, it can be interpretate that large group of women (97.7%) with the experience level of below 2 years followed by that (94.7%) with 2 to 4 years of experience level of investment felt that saving as their major motive of investment.

Furthermore (2.3%) under below 2 years and (100%) under 4 to 6 years of investment experience felt that extracted amount from business as their major source of investment.

Using the Chi –Square test, the P value 0.000 reveals that the association between the experience level in investing in stock market with that of the source of investment is significant as the P value is less than that of 0.05.

Table 2: Investment Experience in Stock Market and Purpose behind Investment

Particulars		Purpose Behind Investment				Total
		Wealth Creation	Earn Returns	Future Expenses	All the Above	
Investment experience (no.of years)	below 2	2	3	25	14	44
		(4.5%)	(6.8%)	(56.8%)	(31.8%)	(100%)
	2-4	4	3	4	8	19
		(21.1%)	(15.8%)	(21.1%)	(42.1%)	(100%)
	4-6	0	0	0	2	2
		(0%)	(0%)	(0%)	(100%)	(100%)
	6-8	0	0	1	0	1
		(0%)	(0%)	(100%)	(0%)	(100%)
Total		6	6	30	24	66
		(9.1%)	(9.1%)	(45.5%)	(36.4%)	(100%)
Chi – Square		14.03				
df		9				
P value		0.121				

Source: Primary data

The **table no 2** shows that the association between the experience level in investment with that of the purpose behind their investment, respondents having the purpose to meet out the future expenses with (56.8%) followed by all the above said purposes including (wealth creation, earn returns and future expenses) with (31.8%) fall under the experience level below 52years of investment. Likewise the respondents having 2 to 4 years of investment experience expected shows high level in all the above said purposes including (wealth creation, earn returns and future expenses) with (42.1%) followed by (21.1%) for wealth creation and future expenses, further (21.1%) respondent mentioned out earn returns their purpose behind investment under the below 2 and 2 to 4 years of investment experience. Using the Chi – Square test, the P value of 0.121 reveals that the association between the experience levels in investment with that of the purpose behind their investment is not significant as the P value is more than 0.05.

Table 3: Investment Experience in Stock Market and Investment Objectives

		Investment Objectives				Total
		Short Term Profit Seeking	Regular Income	Long Term Appreciation	All The Above	
Investment experience (no.of years)	below 2	0	22	9	13	44
		(0%)	(50%)	(20.5%)	(29.5%)	(100%)
	2-4	2	6	7	4	19
		(10.5%)	(31.6%)	(36.8%)	(21.1%)	(100%)
	4-6	0	0	0	2	2
		(0%)	(0%)	(0%)	(100%)	(100%)
	6-8	0	0	1	0	1
		(0%)	(0%)	(100%)	(0%)	(100%)
Total		2	28	17	19	66
		(3%)	(42.4%)	(25.8%)	(28.8%)	(100%)
Chi - Square		15.59				
df		9				
P value		0.76				

Source: Primary data

The **table no 3** shows that the association between the experience level in investment with the investment objectives, most of the respondents preferring for regular income as their investment objective with (50%), along with

(29.5%) preferred all the above including (short term profit, regular income and long term appreciation) and (20.5%) preferred long term appreciation as their investment objective under below 2 years of investment experience. Furthermore respondents preferring for long term appreciation with (36.8%), (31.6%) as regular income, (21.1%) preferred all the above including (short term profit, regular income and long term appreciation) and (10.5%) preferred short term profit who are all fallen under 2 to 4 years of investment experience. Under the Chi – Square test, the P value of 0.76 reveals that the association between the experience level in investment with the investment objectives is not significant as the p value is less than that of 0.05.

Table 4: Investment Experience in Stock Market and Frequency of Monitoring Investment

		Monitor of Investment in Stock					Total
		Daily	Monthly	Quarterly	Biannually	Annually	
Investment experience (no.of years)	below 2	5	16	17	6	0	44
		(11.4%)	(36.4%)	(38.6%)	(13.6%)	(0%)	(100%)
	2-4	3	6	7	2	1	19
		(15.8%)	(31.6%)	(36.8%)	(10.5%)	(5.3%)	(100%)
	4-6	2	0	0	0	0	2
		(100%)	(0%)	(0%)	(0%)	(0%)	(100%)
	6-8	0	0	1	0	0	1
		(0%)	(0%)	(100%)	(0%)	(0%)	(100%)
Total		10	22	25	8	1	66
		(15.2%)	(33.3%)	(37.9%)	(12.1%)	(1.5%)	(100%)
Chi - Square		15.96					
df		12					
P value		0.193					

Source: Primary data

The **Table No. 4**, shows that the association between the investment experiences with the frequency of monitoring of investment, from that the respondents give out that (38.6%) will monitor quarterly, (36.4%) will monitor monthly, (13.6%) will monitor biannually and (11.4%) will monitor daily with the investment experience below 2 years. Furthermore (36.8%) will monitor quarterly, (31.6%) will monitor monthly, (15.8%) will monitor daily and (10.5%) will monitor biannually with the investment experience of 2 to 4 years. Using the Chi – Square test, P value 0.193 shows the association between the investment experience with the frequency of monitoring of investment is not significant as the P value is greater than 0.05.

Table 5: Investment Experience in Stock Market and Factor to be Consider before Investing

		Factors do be Consider Before Investing				Total
		Safety of Principal	Low Risk	High Returns	Maturity Period	
Investment experience (no.of years)	below 2	8	27	2	7	44
		(18.2%)	(61.4%)	(4.50%)	(15.9%)	(100%)
	2-4	7	8	3	1	19
		(36.8%)	(42.1%)	(15.8%)	(5.3%)	(100%)
	4-6	0	0	0	2	2
		(0%)	(0%)	(0%)	(100%)	(100%)
	6-8	0	0	1	0	1
		(0%)	(0%)	(100%)	(0%)	(100%)
Total		15	35	6	10	66
		(22.7%)	(53%)	(9.1%)	(15.2%)	(100%)
Chi – Square		27.45				
df		9				
P value		0.001				

Source: Primary data

The **table no 5** shows that the association between the investment experience level and factor to be considered before investing, shows that the respondents considered to be low risked with (61.4%), followed by it (18.2%) of women considered as safety of principal as their factor and further (15.9%) of women considered maturity period as their main factor before investing in stock market operation. Using the Chi – Square test, the P value 0.001 the association between the investment experience level and factor to be considered before investing is significant as the P value is less than 0.05.

Table 6: Investment experience in stock market and Period of Investment

		Time Period Preferred to Invest			Total
		Short Term (0-1)	Medium Term (1-5)	Long Term (Above 5)	
Investment experience (no.of years)	below 2	1	26	17	44
		(2.3%)	(59.1%)	(38.6%)	(100%)
	2-4	3	7	9	19
		(15.8%)	(36.8%)	(47.4%)	(100%)
	4-6	0	0	2	2
		(0%)	(0%)	(100%)	(100%)
	6-8	0	1	0	1
		(0%)	(100%)	(0%)	(100%)
Total		4	34	28	66
		(6.1%)	(51.5%)	(42.4%)	(100%)
Chi – Square		9.207			
df		6			
P value		0.162			

Source: Primary data

The **Table no 6** shows that the association between the investment experience in stock market with the period of investment, most of the respondent prefer medium term as their period of investment as (59.1%), followed by it (38.6%) prefer long term as their period of investment with the investment experience below 2 years. Furthermore (47.4%) prefer long term as their period of investment and (36.8%) prefer medium as their period of investment with experience level of 2 to 4 years. Using Chi – Square test, the P value 0.162 shows the association between the investment experience in stock market with the period of investment is not significant as the P value is greater than 0.05.

Table 7: Investment Experience and Investment across different Securities

		Sum of Squares	df	Mean Square	F	Sig.	Decision
bonds	Between Groups	61.751	3	20.584	0.865	0.464	In significant
	Within Groups	1475.34	62	23.796			
	Total	1537.091	65				
debentures	Between Groups	14.67	3	4.890	0.797	0.500	In significant
	Within Groups	380.603	62	6.139			
	Total	395.273	65				
direct public equity	Between Groups	0.801	3	0.267	1.193	0.320	In significant
	Within Groups	13.866	62	0.224			
	Total	14.667	65				
private equities	Between Groups	1.405	3	0.468	2.138	0.104	In significant
	Within Groups	13.58	62	0.219			
	Total	14.985	65				

Table 7: Investment Experience and Investment across different Securities – Contd.

		Sum of Squares	df	Mean Square	F	Sig.	Decision
mutual funds	Between Groups	1.826	3	0.609	8.514	0.000	Significant
	Within Groups	4.432	62	0.071			
	Total	6.258	65				
commodities	Between Groups	0.197	3	0.066	0.594	0.621	In significant
	Within Groups	6.834	62	0.110			
	Total	7.030	65				
alternative investments	Between Groups	0.254	3	0.085	1.498	0.224	In significant
	Within Groups	3.504	62	0.057			
	Total	3.758	65				
derivatives	Between Groups	0.030	3	0.01	0.328	0.805	In significant
	Within Groups	1.909	62	0.031			
	Total	1.939	65				

Source: Primary data

The **Table no 7** shows that the association of ANNOVA between the investment experience in stock market with that of different investment securities, respondents exhibits that the mean sum of square between the group of bond(61.751), debentures(14.670), direct public equity(0.801), private equities(1.405), commodities(0.197), alternative investments(0.254), derivatives(0.030) shows there is no significant difference between the between the investment experience in stock market with that of different investment securities. Similarly the mean sum of square between the group mutual fund (1.826) shows there exists a significant between the between the investment experience in stock market with that of different investment securities.

FINDINGS

1. The study found that the association between the experience level in investing in stock market with that of the source of investment, suggest that most of the women investors are investing in stock market from the source of saving and a minimum quantity of women are investing by using the money extracted from the business. Using the Chi –Square test, the P value 0.000 reveals the association between the experience level in investing in stock market with that of the source of investment is significant as the P value is less than that of 0.05.
2. The study found that the association between the experience level in investment with that of the purpose behind their investment, from this association the study find that most of the women investors are preferred to invest in stock market to meet out their future expenses and a least group of women are preferred to invest for all the above said purposes including wealth creation, earn returns and future expenses. Using the Chi – Square test, the P value of 0.121 reveals that the association between the experience levels in investment with that of the purpose behind their investment is not significant as the P value is more than 0.05.
3. The study is reveals that the association between the experience level in investment with the investment objectives, gave out finding that most of the women investors making out a objective of regular income as their major one and least number of women investors are preferring short term profit, regular income and long term appreciation as their major objective towards investment. Under the Chi – Square test, the P value of 0.76 reveals

that the association between the experience levels in investment with the investment objectives is not significant as the p value is less than that of 0.05.

4. The study shows that the association between the investment experience with the frequency of monitoring of investment, from that the respondents it can be suggested that most of the women investors are preferred to monitor their investment on the quarterly basis and the minimum felt that monitoring the stock monthly or biannually basis. Using the Chi – Square test, P value 0.193 shows the association between the investment experience with the frequency of monitoring of investment is not significant as the P value is greater than 0.05.
5. The association between the investment experience level and factor to be considered before investing shows that the majority of women are preferred to take low risk and minimum amount of women preferred to have safety on principal. Using the Chi – Square test, the P value 0.001 the association between the investment experience level and factor to be considered before investing is significant as the P value is less than 0.05.
6. The study is reveals that the association between the investment experiences in stock market with the period of investment, most of the respondent prefers medium term as their period of investment and least number of respondent prefer to have long term as their period of investment. Using Chi – Square test, the P value 0.162 shows the association between the investment experience in stock market with the period of investment is not significant as the P value is greater than 0.05.
7. It is also found that the association of ANNOVA between the investment experience in stock market with that of different investment securities, respondents exhibits bond, debentures, direct public equity, private equities, commodities, alternative investments, derivatives shows there is no significant difference between the between the investment experience in stock market with that of different investment securities. Similarly the mean sum of square between the group mutual fund shows there exists a significant between the between the investment experience in stock market with that of different investment securities.

SUGGESTIONS

This study reveals that the investment decision and investment avenues across the investment experience in stock market operation. A significant portion of the respondents who are all young shows keen preference in their safety towards selection of the investment avenues in risk averse manner. Most of the respondents are looking to meet out their future expenses as their major motive towards the investment with low risk options. And the women investors are preferred to have a long term appreciation rather than having short or medium term appreciations. The investor should to keep on this as a study to improve their knowledge in investment decision.

CONCLUSIONS

From the study it could be suggested that the women investors should take active participation in the investing in different securities rather than considering the securities which are all more secure. The women should take some risk in the investment, which give them a more knowledge in making out the correct and perfect judgment for their future investment. The women investors also need to mobilize them with regards to the men investors in the stock market investment.

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