

# Determinants affecting Investment Decision of Women : A Confirmatory Factor Analysis Approach

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## Abstract

While taking financial decision, women are highly influenced by the society in which they live, their attitude and personality, their financial motive, the investment tool, the reputation of company in which they are ready to pool their savings. Besides this, market aspects like general market conditions and recent price movements guide women while making investment in a particular stock. Moreover, these factors also significantly impact the risk taking capacity of women. These factors determine the level at which women would take risk with their money which reflects that whether women investors select investment tool with high risk, with moderate risk, with low risk or they prefer risk free investment. The present study intends to investigate the determinants affecting investment decisions of women and used primary data collected through a modified questionnaire from 400 working women belongs to Haryana region.

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**JEL Code :** D25, E22, G11, G4, D81, G32

**Keywords :** Investment; Factor Analysis; Women; Investor; Haryana; India

## I. Introduction

AS THE INVESTMENTS in some avenues are subject to high risk, the investors have to analyze the various alternative investments in terms of risk and returns associated with them. The decision of making investment is always based on the relationship between risk and return. As the investments in some avenues are subject to high risk, the investors have to analyze the various alternative investments in terms of risk and returns associated with them. While taking investment decision, the behavioral aspects, awareness level of investors, risk attitude, investment habits, common understanding of market play an important role in making a sound investment decision (Jaggiah and Mubeen, 2018). Moreover, a sound investment portfolio can

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recent price movement of a firm's stock that contribute positively force them to go for risky stocks due to higher return rather selecting risk free stock with low return. On the contrary, if price movement of a firm's stock shows downward trends and there are negative fluctuations in the stock market like depression then women avoid for taking risk with their money. In that case, women choose safety of their money and continue to invest in stocks having low risk and moderate risk. Moreover, diversification needs and government policies guide women to take investment decision in line with the government rules and that better serves their diversification needs (Lan and Viet, 2018). Firm's related factor act as significant dimension in determining the risk taking capacity of women. Women feel that nature of industry and reputation of firm in industry guides them to determine their risk capacity. Moreover, growth prospects of company and firm's perceived ethics also serves as basis for women to find out the risk level, return and their capacity to choose high risk, moderate risk or low risk investment avenues.

#### 5.1. Recommendations

The study recommended that investment climate and market environment should be made friendly and conducive to attract investors by developing programs and policies that have impact on investor's decisions in order to maximize the value of their investments. Moreover, market players should reorganize the market and implement accommodating policies which will enhance the wealth of the investors. Financial awareness initiatives directed towards women investors can be fruitful in bringing a change in their beliefs, attitude and behavior of women who are less aware about the investment dimensions.

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### Annexure I (Questionnaire)

The survey is about to study the investment behavior of women. I would highly appreciate if you find your valuable few minutes to respond. Your fair response will enable me to complete my research with accurate findings. We ensure you that your response will be kept confidential and used for research purposes purely. Thank you for your cooperation.

#### Section I : Demographic Profile of Women

1. Name and Contact (Mobile or Email):  
 Organization: \_\_\_\_\_ City: \_\_\_\_\_  
 Age Group:  

<input type="checkbox"/> Less than 30 <input type="checkbox"/> Between 40-50	<input type="checkbox"/> Between 30-40 <input type="checkbox"/> Above 50
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2. Marital Status:  

<input type="checkbox"/> Married <input type="checkbox"/> Widow	<input type="checkbox"/> Divorced <input type="checkbox"/> Single
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3. Qualification:  

<input type="checkbox"/> Under Graduate <input type="checkbox"/> Post Graduate	<input type="checkbox"/> Graduate <input type="checkbox"/> Other (Specify): _____
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4. Occupation:  

<input type="checkbox"/> Salaried <input type="checkbox"/> Professional	<input type="checkbox"/> Business <input type="checkbox"/> Other: _____
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5. Family Monthly income:  

<input type="checkbox"/> Below Rs. 40000 <input type="checkbox"/> Rs. 40000-Rs 80000	<input type="checkbox"/> Rs. 80000- Rs 1,20,000 <input type="checkbox"/> Above Rs. 1,20,000
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6. Personal Monthly income:  

<input type="checkbox"/> Below Rs. 40000 <input type="checkbox"/> Rs. 40000-Rs 60000	<input type="checkbox"/> Rs. 60000- Rs 80000 <input type="checkbox"/> Above Rs. 80000
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7. Investment experience:  

<input type="checkbox"/> Below 5 years <input type="checkbox"/> 11-15 years <input type="checkbox"/> Above 20 years	<input type="checkbox"/> 6-10 years <input type="checkbox"/> 15-20 years
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Section II : *Determinants Affecting Investment Decision Of Women Investors*

Please rate the factors to the extent which affect your investment decisions, rate each statement carefully on a 5 Point scale given below by ticking the category that best reflects your opinion. Strongly Agree (SA); Agree (A); Neutral (N); Disagree (D); Strongly Disagree (SD)

<b>Determinants affecting Investment decision</b>					
Religious reasons.	SA	A	N	D	SD
Firm's reputation in industry.	SA	A	N	D	SD
Firms perceived ethics.	SA	A	N	D	SD
Family member's opinion.	SA	A	N	D	SD
Friend / coworker's opinion.	SA	A	N	D	SD
Broker's recommendation for stock.	SA	A	N	D	SD
Ease of obtaining borrowed funds.	SA	A	N	D	SD
Diversification needs.	SA	A	N	D	SD
Information obtained from internet and existing . shareholders	SA	A	N	D	SD
Fluctuation/developments in the stock index.	SA	A	N	D	SD
Recent price movement of a firm's stock	SA	A	N	D	SD
Returns on investments	SA	A	N	D	SD
Risk Associated	SA	A	N	D	SD
Tax benefits	SA	A	N	D	SD
Regular income	SA	A	N	D	SD
Long-term benefits	SA	A	N	D	SD
Type of occupation	SA	A	N	D	SD
Lack of awareness	SA	A	N	D	SD
Age factor	SA	A	N	D	SD
Cultural and caste barriers	SA	A	N	D	SD
Terms and conditions of investment tool	SA	A	N	D	SD
Attractiveness of investment tool	SA	A	N	D	SD
Duration of investment period	SA	A	N	D	SD
Growth prospects of company	SA	A	N	D	SD
Nature of industry	SA	A	N	D	SD
Dividend policy	SA	A	N	D	SD
General business conditions	SA	A	N	D	SD
Price Earnings ratio	SA	A	N	D	SD
Expected earnings of company	SA	A	N	D	SD
Media	SA	A	N	D	SD
Financial status	SA	A	N	D	SD
Government policies	SA	A	N	D	SD
Increase in Income level	SA	A	N	D	SD
Past investment experiences	SA	A	N	D	SD

Source: Self Compiled