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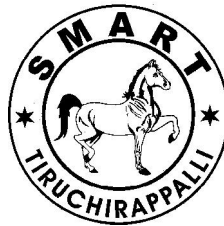
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Chief Editor  
**M. SELVAM**, M.Com., Ph.D.,  
Bharathidasan University,  
India



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# FACTORS INFLUENCING WOMEN INVESTORS IN CAPITAL MARKET – A STUDY WITH REFERENCE TO CHENNAI CITY

**R.Rangarajan,**

Department of Commerce, D G Vaishnav College, Chennai, Tamil Nadu, India

**R.Usha,**

PhD Research Scholar, Mother Teresa Women's University, Kodaikkanal, Tamil Nadu, India

## ***Abstract***

*India has witnessed a positive transformation in women's empowerment and economic development while retaining a great diversity in its political and social system. The personal interest of women in taking up jobs is to achieve career goals, to attain economic independence, to get recognition in the society and above all, gain self satisfaction also. Women prefer to invest their money in safe and better returnable investments. In this strategy, many women invested in Capital Market as a fruitful avenue for their various exigencies. The Indian Capital Market has experienced many ups and downs in the last three decades in terms of amounts mobilized in Primary and Secondary Market. It was estimated that 35 lakh new women investors are added each year. The growth of volume in Primary Market and Secondary Market is tremendous in recent years. Hence the present study proposes to make an attempt to study the factors which influence the investment attitude of women with reference to Chennai City.*

## **Introduction**

Transfer of resources from those with idle resources to others who have a productive need is perhaps most efficiently achieved by the securities markets. India has witnessed a positive transformation in women's empowerment and economic development while retaining a great diversity in its political and social system. Apart from the financial necessity to support the family, the personal interest of women for taking up jobs is to achieve career goals, to attain economic independence, to get recognition in the society and above all to gain self satisfaction. The sense of economic independence in women induces them to invest their money in safe and better returnable investments. In this strategy, women identify the capital market investment as a fruitful avenue for their investments. Savings are linked to investment by a variety of intermediaries through a range of complex financial products called securities, which include shares, scrips, stocks, bonds, debentures and other marketable securities. The market

does not work in a vacuum; it requires the services of a large variety of intermediaries like merchant bankers, brokers etc to bring the suppliers of funds and suppliers of securities together for a variety of transactions. The Indian capital market has experienced many ups and downs in the last three decades, in terms of the amounts mobilized in both the primary market and the secondary market. It was estimated that 35 lakh new women investors are added each year. The growth of volume in primary market and secondary market has been tremendous in recent years.

## **Review of Literature**

Seethapathi K. and Jyotsna (2004) assert that SEBI has put in place good management systems and ensures that no single participant takes advantage of the loopholes. Though everything seems to be good, certain incidents cause the tumbling of markets. SEBI needs to be more proactive than reactive.

Harvinder Kaur (2004) maintains that the implications for investors were also important

for the stock exchange administrators and policy makers. The surveillance regime around the budget should be stricter to keep excessive volatility under check.

Arvid O.I Hoffmann and Wander Jager (2005) have proved that risk and returns could explain the investor behavior. It is argued that needs, social interaction and (social) network effects are key to understanding micro level investor behavior and macro level stock market dynamics. In future research, empirical (e.g., questionnaires and experiments) and simulation techniques will be combined.

Sachithanantham V. et. al. (2006) surveyed capital market reforms and its impact on investors. They found that investors are aware of reforms. They show interest in primary and secondary market for their investments. They have concluded that credit rating agencies should rate the shares also. Further, they suggested that SEBI should attract rural investors by conducting various awareness programme to tap the rural investors.

### **Statement of the Problem**

The behavior of women investors and the factors influencing their investment are many. Based on the review of literature, it is observed that some predominant factors affect the behavior of investors. In this study, among many factors, only 25 variables were taken for the study.

### **Methodology of the Study**

The study was conducted in Chennai City. The study was based on both primary and secondary data. The primary data were collected through a well framed questionnaire to list the factors influencing the individual investors' behaviour in the context of investment decision. Twenty five factors were taken for the study. The investors were asked to give their opinion in the 5 point Likerts Scale,

ranging from 'Most Important' to 'Least Important'. The primary data were analysed through Factor Analysis, followed by One Sample T - Test. A sample of 200 investors expressed their responses through convenient sampling method.

### **Objectives of the Study**

1. To study the perception of women investors with respect to information search, investment decisions and post investment satisfaction.
2. To study the various factors influencing the women investor behaviour in Capital Market.

### **Period of Study**

The Study was conducted for a period of one year, from 2007 to 2008.

### **Limitations of the Study**

- 1. The study is restricted to women investors in the Corporation Limit of Chennai City.
- 1. There are many variables of investment behaviour but the study covers only 25 variables.

### **Hypothesis of the Study**

There is no significant difference among various factors that affect women investors' behaviour.

### **Analysis of the study and the Results**

The one sample 't' - test reveals that the mean values of twenty five variables of influencing factors and its impact on women investors behaviour are significantly greater than 3. In fact they are greater than 4 (Table-1). The 25 variables of Influencing Factors on investment behaviour in securities market explain 63.538 percent of total variance (Table 1.2) Seven factors, suitably named as External Influencers, Primary Sources, Prudential Benefits, Reputed Movements, Performance

Indication, Valuable Expectation and Wide Expectation, have emerged and this emergence is identified by eigen values greater than one. These external factors were allowed to rotate through Varimax Rotation to identify the variable loading in each factor and the result obtained through Rotated Component Matrix is presented in Table 1.3.

### **Findings**

1. The latest developments in share market have been identified as greater refinement of procedures adopted by companies, programs to educate and attract women investors and innovative technological advancements like electronic and online transactions.
2. The demographic variables of women investors could be credited with more awareness on share market and its latest developments. .
3. Women investors are willing to take risk to invest in shares, while at the same time, they prefer their money to work hard to earn more profit and ensure safe returns. The main reason for investing in shares is good returns, liquidity and tax benefits.
4. Women investors depend on consultants' advice. They believe that consultants would observe all the developments in the market intensely. The investment pattern is associated with industry preference, nature of stock exchange and custodial service.
5. The transparency and smooth dealings in share market attract many women investors to invest in the Capital Market.

### **Suggestions**

1. More transparency about the companies and their performance would help women investors to channelise their investments safely.

2. Special strategies could be tried in Capital Market to reduce the market risk. Legal provisions shall be made to protect, at least the Women Investors' Investments.
3. Innovative marketing strategies shall be employed to attract and encourage more women investors into the Capital Market..
4. Investments in Gold and Real Estate are the alternatives for investments in Capital Market. The companies shall take a careful note of this while structuring their fund schemes.

### **Conclusion**

Women investors are meticulous and cautious in investing in Capital Market because they have excellent information about the Primary Market and the Secondary Market. Women Investors feel that they are able to get maximum returns for their investment through high risk and medium measure of investment. From the results of factor analysis, it is found that seven predominant factors differ significantly with respect to the variable loadings. Therefore, the hypothesis is rejected at 5% level and it is concluded that there is a significant difference among the factors influencing women investors' behaviour. The factor analysis on the variable of Influencing Factors on investment behaviour in securities market establishes that external influences like friends and stock brokers' recommendations have influenced the behaviour of women investors. It is also observed that women investors widely expect prudential benefit and hence they thoroughly check the primary sources like returns, reputation, and political stability for the investment process. The available and transparent information about the performance of firm's issuing the shares have deep impact over the investment decision of women investors.

### Scope for Further Research

- | Investor behaviour or Behavioural Finance is a highly dynamic area of research. Though a number of researches have been carried out in this area, it still holds its own importance.
- | Investor Behaviour in Derivative Market Research can further be carried out to explore the impact of economic development.
- | There may be a lot of variations in the behavioral patterns and the perception exhibited by the people living in rural, urban and semi urban areas due to the difference in their lifestyles. There is scope to compare the behaviour of these groups.
- | As the study is confined to Chennai City, there is scope for comparing the behavioural patterns exhibited by the people staying in different parts of the state as well as the country on the whole.

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**Table - 1.1**  
**One-Sample Statistics for the Predominant Factors**

Variables	Mean	Std. Deviation	Std. Error Mean	t	Sig. (2-tailed)
F1	4.5067	.61752	.02150	70.080	.000
F2	4.0582	.62629	.02180	48.530	.000
F3	4.2364	.77343	.02693	45.915	.000
F4	4.0800	.74775	.02603	41.485	.000
F5	4.0048	.81400	.02834	35.457	.000
F6	3.8836	1.01973	.03550	24.890	.000
F7	3.9345	.83351	.02902	32.204	.000
F8	4.0618	.95902	.03339	31.802	.000
F9	4.1297	.84411	.02939	38.440	.000
F10	3.8764	.89320	.03110	28.181	.000
F11	3.9976	.85616	.02981	33.467	.000
F12	3.8958	.79366	.02763	32.418	.000
F13	4.0691	.93155	.03243	32.964	.000
F14	3.8255	.89012	.03099	26.636	.000
F15	4.0836	.85986	.02994	36.198	.000
F16	4.2364	.68877	.02398	51.558	.000
F17	4.0194	.73214	.02549	39.992	.000
F18	4.1164	.87358	.03041	36.705	.000
F19	4.1430	.76571	.02666	42.877	.000
F20	4.0352	.89631	.03121	33.172	.000
F21	3.9564	.77462	.02697	35.462	.000
F22	4.0642	.81669	.02843	37.429	.000
F23	3.8145	.82337	.02867	28.415	.000
F24	3.9394	.86810	.03022	31.082	.000
F25	3.7891	.95105	.03311	23.832	.000

Source : Primary data

**Table - 1.2**  
**Number of Influencing Factors on Investment Behaviour**

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.646	18.585	18.585	3.387	13.549	13.549
2	3.179	12.716	31.301	2.559	10.234	23.783
3	2.322	9.290	40.591	2.237	8.949	32.732
4	1.959	7.835	48.426	2.129	8.515	41.247
5	1.439	5.755	54.181	2.057	8.227	49.473
6	1.182	4.729	58.910	1.840	7.361	56.834
7	1.157	4.628	63.538	1.676	6.704	63.538
8	.999	3.995	67.533			
9	.853	3.412	70.945			
10	.842	3.369	74.314			
11	.754	3.014	77.328			
12	.655	2.620	79.948			
13	.633	2.531	82.479			
14	.552	2.206	84.685			
15	.486	1.945	86.630			
16	.468	1.872	88.502			
17	.441	1.765	90.267			
18	.428	1.714	91.980			
19	.395	1.580	93.561			
20	.338	1.351	94.912			
21	.323	1.292	96.204			
22	.287	1.148	97.351			
23	.244	.976	98.327			
24	.219	.878	99.205			
25	.199	.795	100.000			

Source : Primary data, Extraction Method: Principal Component Analysis.

**Table -1.3**  
**Variables Loading of Influencing Factors on Investment Behaviour**

	Component						
	1	2	3	4	5	6	7
F20	.802						
F24	.784						
F6	.710						
F18	.571						
F7	.463						
F25		.780					
F12		.715					
F8		.622					
F5		.592					
F9			.705				
F11			.646				
F13			.577				
F14			-.532				
F21			.405				
F17				.797			
F19				.740			
F3					.786		
F22					.542		
F16							
F10						.796	
F23						.484	
F15							
F1							.828
F2							.755
F4							

Source : Primary Data, Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
Remaining 3 variables are suppressed due to low correlation values.