

Factors Affecting Investment Behavior of Working Women**doi: <https://doi.org/10.3126/skmj.v3i01.79301>****Indu Suwal¹****Abstract**

Working women are being financially independent and want to invest their saving for family welfare and for long- term purpose. Working women and their investment behavior is crucial as their income affect Gross Domestic Product of the country. Working women can also make personal financial planning to achieve financial goal with their own decision. It can be observed that involvement of women in investment sector with great enthusiasm as the economic scenario is changing. This study has been done with the objective of exploring the investment decision from the perspective of working women in Kirtipur. This study identifies various factors that affect the investment decision of women investors. The information was gathered through structured questionnaire distributed to the 391 working women of Kirtipur. The data has been analyzed using SPSS software by applying descriptive statistics. The study showed that the investment decision of working women is greatly influenced by social factor and information factor. Similarly, firm's image also shows the strong correlation with investment decision but psychological factor doesn't affect significantly to the investment decision. This study can be supportive for educational programs and policy formulation which can enable women investors in making financial decision..

Keywords: Investment behavior, working women, investment decision, social factor, information factor.

Introduction

Women are eagerly engaging themselves in various activities such as education, politics, media, science and technology. Today's women are becoming financially independent, hard taskmaster, managing between a homely and professional life. They have more earning potential and more influence over their financial decisions than ever before. Although women's income is always considered as a supplementary income within the family. It is generally considered as, women and children in the family are consumers, not producers (Kalpagam, 1995).

Investment preferences of women investors have generally diversified with the change of time. The various investment opportunities are available for working women such as equity

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shares, children education plan, mutual funds, bank balance, gold, real estate with the different objectives such as profit, security, income stability. Even though their investment decisions highly rely on the various factors such as risk-taking capability, influence of family members and friends, income and expenditure, savings behavior, and knowledge about various investment instruments. Hence, the investment behavior of working women is diverse due to various factors as safety associated with investment, regular flow of income, tax saving benefits, security of job, retirement benefits etc. To take a correct investment decision they should be aware about various investment plans and their financial needs. If they become aware about investment avenues and returns, they can take important and bold decisions for making investment for their secure future. The present research study is focused on the study of investment behavior of working women in Kirtipur, Nepal. The findings of the study can be beneficial to government, bankers and financial institutions in order to introduce new schemes of investment and develop strategies for making women more aware about various investment options.

Investment is such a commitment which is done at present for positive return in future. An investor is the one who invest capital with the expectation of financial return. There are three types of investors namely conservative investors, moderate and aggressive investors. According to the traditional market theory (Tamini, 2006). It is not only the market that does not behave in accordance with tenets of expected utility theory. The investors consider their investment needs, goals objectives and constraints in making investment decision. But it is not possible to make successful investment decision at all time. Their attitude is influenced by various factors such as investors' awareness, online trading, experience of other successful investors etc. A better understanding of behavioral processes and outcomes is important for financial planners as investors generally respond to market movements should help investment advisors in devising appropriate assets allocation strategies for clients (Tamini and Hussein, 2006).

Behavioral finance which blends behavioral and psychological components of financial decision-making calls into questions conventional finances understanding of why investors act in certain ways when investing in financial assets. It aims to comprehend and forecast the repercussions of psychological decision making on the financial markets (Olsen, 1998). It believes that the investors are influenced their own biases rather than being rational. Behavioral finance combines behavioral biases with an intellectual psychological component as well as economics and finance to create a solid supporting rationale for people's irrational behavior while making financial decisions (Javed et al. 2017). Even if investors are capable of accurately processing all available information to all investors are rational and their investing decisions are influenced by behavioral preconceptions (Barberis and Thaler, 2003).

Investment decision making is considered one of the key components of financial decision making. In investment decision making processes there are two schools of thought. One is conventional finance theory which holds that while making investment choices in financial markets investors are rational. The primary tenet of finance theories for a long time was the rationality of investors. The investors were believed to be their investment decisions purely on risk return analysis in order to achieve wealth maximization goal in accordance with fundamental financial principles. They were believed to be unbiased in their forecasts of the future return of stocks. The second school of thought claims that when investors face uncertainty they act irrationally inefficiently and inadequately (Lowenstein et al, . 1998)

Investment decision has gained importance due to the growth in opportunities for employment generation and economic development of the nation. Awareness of investment among working opportunities has directed to the competency and willingness of working women to save and capitalize their finances for good returns, in that perspective this study was conducted.

Kahneman and Tversky (1979) has studied and found the concept of behavioral finance and they have prepared a paper on the analysis of expected utility theory which found that people do not value those outcomes that are just possible in comparison to the outcomes that are obtained with certainty. They have thrown prospect theory in which value is assigned to gain and losses rather than to final assets and probabilities are replaced by decision weights.

Nagy and Obenberger (1994) conducted research on examining the necessary criteria that affect decisions of individual equity investors with considerable holdings in fortune 500 firms. Wealth-maximization criteria was found significant among respondents while the effect of recommendations of brokerage houses, individual stockbrokers, family members and co-workers were found insignificant. The research findings examined factors influencing investor behavior, suggested that classical wealth – maximization criteria was important to investors, even though investors employ diverse criteria when choosing stocks. Contemporary concerns such as local or international operations, environmental track record and the firm's ethical posture appear to be given only brief consideration.

Kent, Hiirshleifer and Tech (2001), suggested that the most common factors which affect investors' perception while making investment decision are (1) Investors generally do not participate in all assets securities categories, (2) Individual investors show loss averse behavior, (3) Investors mostly use past presentation as an indicator of future performance in stock purchase decisions, (4) Investors trade too aggressively, (5) Investors behave on status quo, (6) Investors do not always form efficient portfolios, (7) Investors behave parallel to each other, and (8) Investors are influenced by historical high or low trading stocks.

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Dangol and Shakya (2017) found that the financial literacy level effects the individual investment preference, objective, advice sources and the investment perspective. The study was conducted among the 314 investors in Nepal and determined that the people who are financially literate prefer to invest in the risky investment assuming that higher the risk higher the return. Similarly, it was discovered that those with high levels of financial literacy favor capital growth, which is regarded as one of the most important elements in determining investment decisions. Further, it was reported that the higher financially literate people involve in self-analysis whereas the financially illiterate people depend on the family and friends for the investment and found that the financially literate people seek for the longer investment horizon than financially illiterate individual.

Shrestha (2020) reported that the Nepalese investors' investment decisions are highly influenced by the company related variables. The study was conducted with the 110 Nepalese investor from the Surkhet valley where the data was collected using the structured questionnaire. The study reported that Nepalese investor prefer to buy stocks from primary market and found that the Nepalese investor use information that are available in the electronic media and found that the decisions are heavily influenced by the family and the friends. It is also found that when deciding whether to invest, Nepalese investors take the financial report into account. Hence, the study concluded that Nepalese investors' decision is affected by the company related variables than the market related variable and risk and return related variables. Investors often exhibit irrational behaviors, such as heuristic decision-making, overconfidence, gambling fallacy, and representativeness, which can lead to variations in actual and estimated returns. These behaviors often result in unexpected outcomes for investment theories, as they rely too heavily on single information or market changes. This research particularly aims to identify the behavioral factors that play a vital role in women investors' decision-making process based on the women investors.

Major Factors Affecting Investment Decision

Investment decision is characterized as the function of various factors such as nature of market, individual risk profiles, and accounting information. Shleifer (2000), has provided evidence that financial decisions of investors are affected by internal and external factors which mainly include the risk preference level of individuals, income level, financial knowledge, availability of information, general market condition and so on.

Psychological Factors

Zhou (2014), explores that psychology relates with activity of human mind, investigating how human learn, communicate and make decisions. These are the aspects that form the foundation of personal behavior which affect to investment decision. The interplay between emotion and cognition, regardless of accuracy, shapes our choices. Duxbury et al.,(2020),

reveals that over the last decade, several evidence have demonstrated the influence of psychology and emotions on financial and investment choices. Rosdini et al., (2020), highlighted that investors' choices aren't solely guided by rational factors but are significantly molded by psychological elements. These psychological factors profoundly shape attitudes and behavior; for instance, a positive mood tends to foster optimism, whereas a negative mood can drive pessimism.

H1: There is positive relation between psychological factors and investment decision of working women.

Social Factors

Watts and Strogatz (1998), social factors relate to social interaction, social contacts and the social networks that people make sometime for their own convenience and sometime forcefully. Jager (2003), These social networks help in exchange of information among family, friends, neighbor and other people around. Ames (2004), when individual perceive higher level of general resemblance to a target group, they engage in higher level of projection on specific attributes, they think about their own attitudes and qualities and relate them to the specific target.

H2: There is positive relation between social interaction and investment decision of working women.

Information Factor

Ricciardi (2008) states that information acts as a catalyst which enables investors to make rational investment decision. Emmett (2019), Investment in stock is a decisive issue and individual investors make proper evaluation of the products on the basis of information disclosed by the organization. Pandey, Chaubey and Tripathi (2016), state that investors give more weightage to the financial information compared to the non-financial information when they have to make an investment decision.

H3: There is positive relation between information and investment decision.

Firm's Image

Literatures have examined and claimed that the image of the firm is highly considered while making investment decision. Qureshi and Hunjra (2012), found that the firm's image of corporate governance plays an important role in investment decision making. According to Akert and Church., (2006), the image of the firm can be built on the basis of the factors such as quality of management decisions, brand building and transparency. They can influence the investment decision of individual investors. The firms which could be sincere towards

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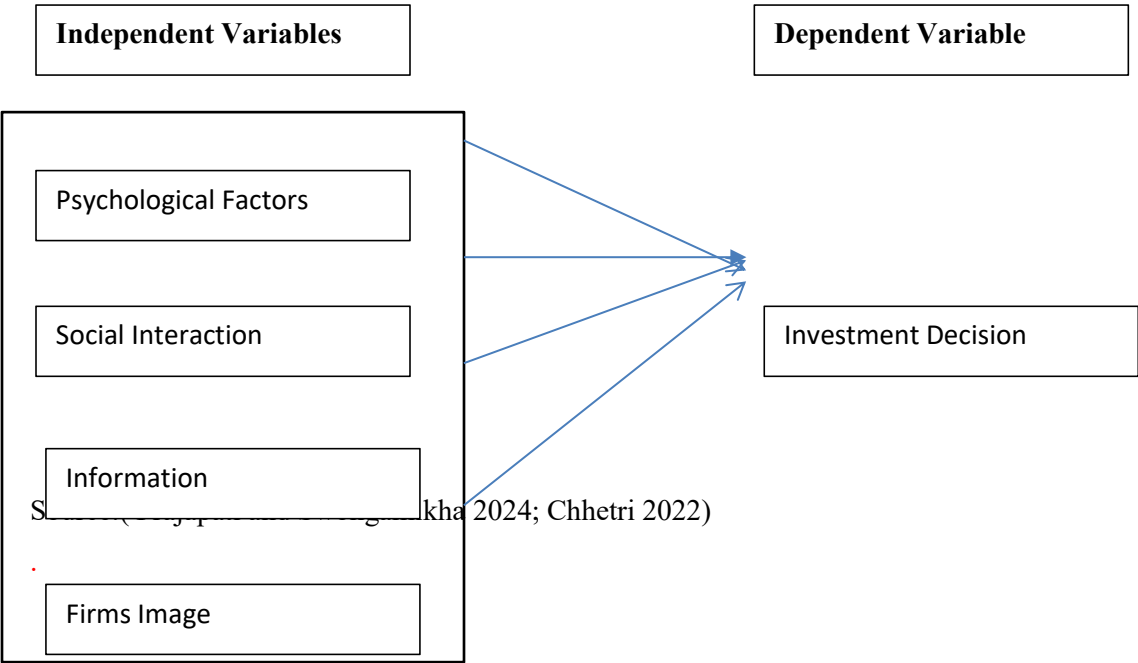
environmental and social factor build good image and they are considered well while making investment decision.

H4: There is positive relation between firm's image and investment decision.

Different studies have used different variables to analyze and going studying various literatures this study has framed the following conceptual framework.

Conceptual Framework

Investment is the postponement of current spending for the future purpose with the expectation of gain. The gain is the compensation for the investors' sacrifice.



Methodology

This research study has followed the descriptive and analytical research design to describe the basic features of data in research. The descriptive research design is selected for the study to exhibit the profile of the respondents, presentation and description of the data collection, and characteristics of the investors. The data have been collected through primary sources by providing structured questionnaire to respondents who include working women of Kirtipur. Convenient sampling method is used to collect data from 391 women of Kirtipur.

The collected information is presented and analyzed using SPSS. The Statistical tools such as

Correlation and coefficient have been used to analyze the effect of independent variables on investment decision of working women of Kirtipur. Reliability test has been performed by computing Cronbach's Coefficient alpha to make sure that the dependability of the collected primary data.

Table 1

Cronbach's Alpha Reliability Coefficient

| Variables | Cronbach Alpha | No. of Items |
|-----------------------|----------------|--------------|
| Psychological Factors | .796 | 5 |
| Social Factors | .981 | 5 |
| Firm's Image | .974 | 5 |
| Information Factors | .876 | 5 |

Demographic Profile of the Respondents

The demographic profile of the respondent that have participated in this study has been presented in table 4.2.

Table 2

Demographic profile of respondents

| | | Frequency | Percentage |
|----------------|----------------|-----------|------------|
| Age | Below 20 | 95 | 24.3 |
| | 21-25 | 176 | 45 |
| | Above 25 | 120 | 30.7 |
| Marital Status | Single | 230 | 58.8 |
| | Married | 161 | 41.18 |
| Education | +2 | 63 | 16.1 |
| | Bachelor | 215 | 55 |
| | Above | 113 | 28.9 |
| Occupation | Government job | 114 | 29.16 |

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| | | | |
|-----------|-------------|-----|-------|
| | Private job | 277 | 70.84 |
| Ethnicity | Brahmin | 56 | 14.32 |
| | Chhetri | 178 | 45.52 |
| | Janajati | 157 | 40.15 |

Table 4.1 presents demographic profile of respondents. The table exhibits the number of respondents on the basis of age, marital status, education, occupation and ethnicity.

According to data collected by age the number of respondents below 20 is 95, between 21-25 is 176 and above 25 is 120. The highest percentage of respondents is 45%.

According to data of marital status, the number of respondents who are single(unmarried) is 230 and married respondents are 161. There is 58.8% of unmarried respondents who have given their view in this study.

The education level of respondents are divided into +2, Bachelor, and above. The highest respondents are from Bachelor i.e. 55%.

If the respondents divided as government job holder and private job holder then private job holder respondents are higher i.e. 70.84%.

Similarly, according to ethnicity there are Brahmin, Chhetri and Janajati, among which Chhetri covers 45.52% this indicates that respondent from Chhetri involve highly in investment activities.

4.2 Correlation Matrix

Correlation Matrix has been presented in table 4.3

Table 3

Correlations

| | PF | SF | FI | IF | ID | Mean | SD |
|----|----|------|--------|--------|--------|-------|-------|
| PF | 1 | .085 | .116* | .082 | .096 | 3.54 | 4.508 |
| SF | | 1 | .302** | .348** | .446** | 3.138 | 5.002 |
| FI | | | 1 | .405** | .502** | 3.70 | 3.257 |
| IF | | | | 1 | .802** | 4.054 | 3.247 |
| ID | | | | | 1 | 3.298 | 3.912 |

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The above table of correlation indicates that there is weak positive correlation between psychological factor and social factor which is not statistically significant at the 0.05 level. There is moderate positive correlation between social factor and investment decision which is statistically significant at 0.01 level. This shows that social factor has a significant relation with investment decision. There is strong positive correlation between Firm's image and investment decision. It shows strong relationship with investment decision. Information and investment decision have very strong positive correlation which is highly significant at 0.01 level of significant. It exhibits the strongest relationship with investment decision among the predictors.

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4.4 Coefficient Table

Coefficient table has been presented in table 4.5

Table 4

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | T | |
| 1 | (Constant) | -6.136 | .869 | | -7.063 | .000 |
| | PF | .002 | .008 | .007 | .250 | .802 |
| | SF | .189 | .037 | .156 | 5.168 | .000 |
| | FI | .275 | .047 | .180 | 5.806 | .000 |
| | IF | .821 | .038 | .674 | 21.394 | .000 |

a. Dependent Variable: ID

In the above table each predictor's coefficient (B) represents the change in the dependent variable for a one-unit change in the predictor variable, holding all other predictors constant.

The p-values indicate whether each predictor variable is statistically significant in explaining the dependent variable. The p-value less than 0.05 suggests that the predictor has a significant effect on the dependent variable. Higher beta values indicate predictors that have a stronger impact on the dependent variable relative to others.

Table 4 provides information on significant level of independent variables on dependent variable. As per the result, it shows that besides psychological factor another factors have positive relationship with investment decision of working women.

Discussion

The findings of the study highlights that the investment decision of women is greatly influenced by social factor and information factor. Chang (2004) states that investment knowledge and experience play important role to make investment decision but this is not come real in context of women investors in Kirtipur.

The study showed that information factor is highly correlated with the investment decision of working women in Kirtipur. The result is far more consistent with the study Dimitrios (2007) which found that individual investors rely heavily on media and news while expert investors focus more on fundamental and technical analysis. Firm's image also demonstrates a strong correlation with investment decision, indicating it is a significant predictor.

Firm's image and investment decision also exhibit positive relationship and affect investment decision of working women in Kirtipur. Similarly, Qureshi and Hunjra (2012), explain that image of the firm has significant role in the investment decision of the investors. This study

has also revealed that psychological factor does not have a significant impact on the investment decision of working women in Kirtipur. Greene and Villanueva (1991), claimed that other sources of information such as macroeconomic indicators and the fluctuation do not affect in the investment decision of investors. However, this research study does not confirm such behavior of women in Kirtipur.

Conclusions

The main objective of this is to investigate investment behavior of women in Kirtipur. From this study, it is concluded that the investment decision is greatly influenced by social factor and information factor. Firm's image and information factor have very strong correlation with investment decision of women in Kirtipur. It can be concluded that information factor has strongest relationship with investment decision. Firm's image also shows the strong correlation with investment decision. It can be concluded that firm's image is one of the significant predictors of investment decision of women in Kirtipur.

Social factor and Investment decision are moderately correlated and it can be concluded that social factor also significantly affect investment decision of working women in Kirtipur. Psychological factor doesn't affect significantly to the investment decision so there is weak correlation with investment decision of working women in Kirtipur. As indicated by model 1, the independent variables and dependent variables are strongly related and can be concluded that the model is adequately adjusted.

According to ANOVA table it exhibits that the model is highly significant in explaining the variance in the dependent variable with independent variable. This suggests to conclude that the model provides a good fit to the data and the independent variables collectively contribute significantly to explain the variability in the dependent variable. It can be concluded that social factor and information factor have great effect in investment decision of working women of Kirtipur rather than other factors.

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