This chapter represents the concepts, theoretical framework regarding investment decision, women's representation in economic decision making bodies. It also gives a background of investment decisions. It presents the main objectives of the study and relevance of the study have been analyzed.

1.1 Prologue

As women play a more active role, they also want to get the same attention, advice, terms and deals that men get from their wealth managers and advisers, according to a report just released by The Boston Consulting Group. But at the same time, due to the very different women's needs and expectations, they also want tailored services from their advisors. Traditionally, the right to make investment decisions normally belongs to men. However, women today are making a bigger share of the decision over whether to invest in stocks, bonds or real estate. Specifically, in 2009, women decided how to allocate about $20 trillion in investments about 27% of the world's wealth, which is up by 16% from 2008. When it comes to investing, men and women hold to traditional stereotypes, according to a recent study. Male investors are more confident, while women are more realistic and risk averse, according to the 2006 Share Builder Women & Investing Survey, which polled 965 women and 1,066 men.
over the age of 18. The study, surveyed clients of Share Builder Securities Corp., an online brokerage company looked up for self-directed investors, had a margin of error of plus or minus three percentage points. The findings show that Young men, not surprisingly, are the most assured/secured investors: About 33% of men under 35 are very confident they will meet their investment objectives versus 18% of women. However, about 50% of women under 35 are "somewhat confident" they'll meet their objectives, versus 45% of men."Women are more realistic about the progress they are making," quotes the Share Builder's chairman and chief executive. "They are clearly more concerned about saving for the future. Men investors are a little more self-assured, but not necessarily with good reason." Modern financial economics assumes that investors behave with extreme rationality; but they do not (Barber and Odean, 2001). The recognition that individual behavioral influences affect market outcomes initiated a new research stream in financial economics, called behavioral finance. Behavioral finance research applies lessons from psychology to financial decision by incorporating observable, systematic and very human departures from rationality into standard models of financial markets. Gender differences in investment strategies are one such departure. Psychological research demonstrates that in areas like financial decision making, women have different outlook and preferences than men. The increased participation of women in the labor force coupled with the trend towards increased longevity and rising net worth makes women investors a force that cannot be ignored. In developing countries like India the husband remains the dominant decision maker for reproductive matters.
Up to 50% of women agreed that their husbands decide. In more developed countries, as women now have easier access to information, their own finances, and a sense of control over their own lives, many are making their own decisions about these matters. When it comes to actually making the decision, women generally make decisions on a more emotive level, whereas men go more with the facts and data. Women prefer a narrative, a story with the faces and the interaction and the relationships that are occurring. In India itself, women’s employment participation grew 31 percent in 2005 from 26 percent in 2000, the first rise seen in decades. A survey conducted by leading Indian newspaper of 2000 women (half of them working) revealed that income in working women households in 19 percent higher than non-working women households. The average household expenditure of working women households was also 15 percent higher than non-working women households. Given, the much higher presence of women in both professional and personal investing, it is very important to understand the role of gender in investment decision making process (IDM).

1.2 The Theoretical Framework Regarding Investment Decisions

Conceptual framework is related to study about investment decision activities influencing the productive process of the economy. Investment enhanced the output level of a nation and strongly influences the income component in the economy. According to Keynes, Investment in an income multiplier in the economy. An additional investment may leads to an addition to
output and Income. The following factors reveal the theoretical framework regarding investment decisions:

- Savings Investment Theory
- Participants in trading
- Fundamental in trading
- Technical analysis
- Risk and Return relation

**Savings Investment Theory**: It is the most important theoretical tool to study about the flow of investment. The savings flow into investments enhance the output and income levels. It is called as the capital output ratio or investment multiplier. Hence the savings promote capital formation and economic growth. Economic growth stimulates the GDP level and influences per capita income of the public. A growth in purchasing power stimulates the demand for more additional and quality goods. The standard of living of a common man increases and his lifestyle will also be changed significantly. For example: At present a common man, who is in below poverty line uses cellular services. He wants more comforts for his life. The savings will be attracted towards productive way by the capital market. The capital market is a vehicle, to provide sufficient resources for the corporate sector by issuing a number of financial assets. The capital market comprises new issue and secondary markets. The new issue capital provides oxygen to the newly established concerns. The primary market should be strengthened and it must be flexible to the market. The primary market in India
has vast potential capabilities to meet the requirement of the corporate sector. The public issue should be made as “online” issues. The investors allotment of shares should be finalized within 48 hours of the closing of issue. There is a strong need to make structural change in the public issue. The investors should also be opened “Demat” accounts for participation in the primary market. The SEBI should take steps to reduce the time in public issues. The primary market can create winders in the word of finance. It must be technologically updated. Purchasing shares at primary market should done on par with secondary market operations. The IPOs should be available in “Internet”. The procedure for applying and allotment of shares should be completed within 48 hours after the closure of issue. All these transactions must be carried through the application of Information Technology. The Primary market can be utilized for the commencement of Mega project “Linking of Rivers”. The mega project of the decade requires an amount of Rs. 6,00,000 crores. It can be raised through public issue very easily and the block money can be diverted towards this mega project. This project will change the lives of 100 crore people of India. H$_2$O is the basic factor for all developmental activities. The Indian economy depended upon agriculture. The cultivation of agriculture needs H$_2$O. The water can solve all the problems of the modern India. If this project materializes, the citizen of India is no more less than American Citizen. India will definitely grow with prosperous countries. The project should be taken up as a financial capability in the form of shares. The project cost is an equivalent to the market capitalization of the Indian stock market.
Participations in trading is another important factor in making of the investment decisions made by the investors. The market behaviour depends on the market players and their role in trading. The trading in stock exchange is publicly available information to each and every interested investors. The volume of trading in a particular scrip, the value of trading in counter, the trading per hour, intra-day trading information, and all other information is available to the public. The free flow of correct and unbiased information available in the market. Hence the investor will know about the market behaviour immediately. The Capital Market Efficiency Theory Random Walk Theory and many other theories will clearly explain about the price behaviour in the market. Sometimes the share price movements may be erratic and biased. They may be overvalued or undervalued at any point of time. The market is consisting of various factors such as “rumours, inside information, cornering, price rigging and other malpractices”, which are unrelated to the prevailing fundamental of the company. The theoretical analysis of the market would enable the investor to understand the movement. Hence the investor can take a decision regarding his investment commitments towards future for entering the stock market.

Fundamental analysis is one of the most important tools in investment analysis. It deals with the factors affecting the market in the Macro and Micro sense. In macro analysis, a close observation will be made about economic, industry and company aspects of the regular activities. All about these factors will be discussed in latter chapters. The micro analysis reveals the intrinsic value of a share through security valuation models. It indicates whether a share of
overvalued or undervalued. It will examine the balance sheet and profit and loss account of the company, whose share is being examined. Ratio analysis is the powerful tool to analysis the Company performance. However the fundamental analysis will enable us to decide what shares to buy and what shares to sell. The conceptual framework reveals about the factors influencing the market behavior:

- External factor (environmental, economic and political development)
- Internal factors (financial performance of the company)
- Capital structure
- Investment habits of the public.

The market price depends on the supply and demand forces of the share. The security is valued in terms of the returns or earnings of the Company. The following factors influencing share prices in the market:

- Market efficiency theory (Fundamental Analysis)
- Random walk theory (Fundamental Analysis)
- Capital asset pricing method (Fundamental Analysis)
- Trend walk theory (Fundamental Analysis)
- Dow theory (Technical Analysis)
- Elliot’s wave theory (Technical Analysis)
In addition to the above factors, a lot of other factors such as psychological and emotional elements, will influence the share prices in the stock market.

**Technical analysis** is another important factor in conceptual framework. It reveals about the price behaviour of the aggregate market and the individual share. It is a knowledge based activity. It requires a lot of skill to understand the situation. It indicates the information with the help of the charts about share prices, trading volume and moving averages. It will help us to know about trends in price of the individual scrip to take a good investment decision. The Dow and Elliot Wave Theory is the part of technical analysis.

**Risk and Return** is another kind of analysis. The risk and return is the most important factor in determining the amount of investment. Return is always chased by the risk. Risk is an estimated future loss of the business activity. Risk cannot be avoided. It is an accepted level of loss by the investor. The return is always depended upon the level of accepted risk. If the investor is willing to take more risk, the higher return is waiting for the investor. The risk and return analysis to be achieved by the use of portfolio theory and portfolio management. The degree of risk depends upon the financial asset preferences, income requirements and other investment characteristics. The portfolio theory always thinks about the minimization of risk and maximization of return. All the theories are integrated to help decision-making by investors. The valuation is an important aspect of security analysis. Security valuation is an important part of market analysis.
1.3 Women’s Representation in Economic Decision-Making Bodies

The 1995 Beijing Platform for Action emphasized that equality in decision-making is essential to the empowerment of women and that "Women’s equal participation in decision making is not only a demand for simple justice or democracy but can also be seen as a necessary condition for women’s interests to be taken into account" (para. 181). In this context, the participation of women in high level economic decision-making is a fundamental requirement in order to give women and men an equal share of power and influence in policy making processes. Economic decision makers are those who occupy institutional positions in decision-making bodies, they are actively involved in the deliberation and determination of economic policies and they are responsible for implementing them on behalf of the State or the institution they represent. Economic decisions, made by either private or public actors, determine both present and future economic performance and assets, with obvious implications for everyone’s daily life. “Since it is often within the framework of such policies that individual men and women make their decisions, inter alia, on how to divide their time between remunerated and unremunerated work, the actual development of these economic structures and policies has a direct impact on women’s and men’s access to economic resources, their economic power and consequently the extent of equality between them at the individual and family levels as well as in society as a whole” (para. 150). Equal participation in the shaping of economic decisions implies that women are integral parts of the processes and institutions involved in defining economic decisions and exercising economic power.
Although some progress has been made, economic decision-making has traditionally been a male-dominated sphere, as has political decision-making. The last twenty years have seen a huge increase in the number of women participating in the labour force almost everywhere and in all sectors. In more recent years, the women studying economics to post-graduate level and pursuing careers as economists in the academia, private sector, government, etc. has also increased significantly. However, the women’s representation at a decision-making level is much lower than men’s in major institutions that are responsible for conceiving and formulating ideas, determining strategies and implementing fiscal, monetary and economic policies. The effective participation of women in economic and financial decision-making is not only very low, but also the gender dimension has been absent from macroeconomic policies and decisions regarding resource distribution, wealth creation and exchange. In order to achieve the strategic objective of the Platform, it is necessary to adopt adequate measures on the basis of the most appropriate monitoring indicators. Policy concerns are the driving force of indicators. Clear and well-defined policy concerns, specific goals and targets are the key parameters to define adequate indicators as well as to understand the relevance and the limits of the indicators in relation to the goals. In this area the goals and the policy concerns have been expressed in a rather generic form. The difficulties in identifying the exact features of the policy concerns prevent national capacity from being oriented towards the production of indicators relevant for political decisions. The review of the national case studies demonstrate that investigation and documentation on
this issue is relatively new, often country-specific and widely dispersed. Indicators and procedures for the collection of data in the area of economic decision-making at the national level are still in a development stage. In other words, monitoring women’s participation in economic decision-making poses a new challenge for statistical systems.

1.4 A Conceptual Background for Investment Decisions

Investor’s wealth, investment objectives, attitude toward risk, and investment horizon have been shown to be the primary determinants of choice among investment asset classes (Butler & Domian, 1991). For households in which financial assets represent a small portion of total wealth, research indicates that asset categories with the highest expected returns should be chosen (Hanna & Chen, 1995). Hanna and Chen found that it is optimal for almost all households with a time horizon of at least five years to invest in small stocks. Young households were advised to choose more risky assets than older households who had a shorter time horizon and may not be able to endure market fluctuations. Moreover, Sung and Hanna (1996) suggested that risk tolerance in investing should be related to the number of years until expected retirement.

Several explanations have been offered for the more conservative investment strategy adopted by women (Bajtelsmit & Bernasek, 1996). Guiso, Jappelli, and Terlizzese (1996) found that education, income, and net worth were positively correlated with investments in risky assets. Women typically have lower lifetime earnings than men, which would create lower total wealth, or net
worth, and women have historically completed fewer years of education than men (U.S. Bureau of the Census, 1996, Table 242). Sung and Hanna (1996) suggested that households with total financial assets below three months of income may not be in a position to invest in risky assets, as market volatility could be disastrous. Sung and Hanna also indicated that risky assets may be inappropriate for individuals with short-term goals such as saving for a down payment on a house.

Several recent studies have reported that women were more risk averse, choosing less risky retirement assets than men (Yuh & Hanna, 1996; Sung, 1997; Bajtelsmit & VanDerhei, 1997). This conservative approach to retirement investing is likely to be observed in other investment decisions. Because stocks and personal businesses are typically viewed as more risky investments, it is expected that women will choose these types of assets less often than their male counterparts. It is also expected that women will invest greater proportions of their portfolios in low-risk, lower return assets such as certificates of deposit and homes.
1.5 OBJECTIVES

The present study entitled “A STUDY OF INVESTMENT DECISION MAKING PROCESS BY EMPLOYED WOMEN IN WESTERN U.P. SINCE 1991” will be based on the following objectives:

1. To identify the critical factors which influence the investment decision making by employed women.

2. To evaluate the degree and nature of awareness of investment instruments and associated intricacies.

3. To examine the extent and nature of family or group which influence the investment decision of employed women.

4. To assess the extent of stock market investment or investment in risk related investment instruments by employed women.

1.6 Relevance of the Present Research Study

Indian capital market however is in the process of learning. The corporate disclosers are not adequate and there is little scope for individual investor to access in time firsthand information. Hence the behavior of individual investor in such a market is an interesting topic to study. More specifically when the investor is an Indian woman, there is every possibility that her decision regarding investment can be influenced by the decisions of her family members. The parameters of investment, instruments, degree of risk, perception etc is likely to be different for woman investor.

This study will be useful for the economist, policy makers, researchers, teachers, students of social science for understanding the investment decision
making process of employed women, women’s opinion on the factors influencing their investment decision and their preference on making investment in different investment avenues.
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