

CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY

1.1 Introduction

Quantum of investment made in different sections is the most important determinant of the growth of an economy. Both the private and public sector investment needs are largely satisfied by the flow of funds from the general public. India, being a developing country, requires capital formation through savings and investments. This objective can be achieved when individual savings and investments have been properly planned, promoted and channeled.

When an individual is saving some money and investing it in the shares of a particular company, he is directly participating in economic development by providing the risk capital. On the other hand, while he is paying his life insurance premium, he is indirectly participating in capital formation because with this money, the LIC is supporting developing activities.

The major purpose of investment is to get a return or income on the funds invested. On a bond the investor expects to receive interest. On a stock, dividend may be anticipated. The investor may expect capital gains from some investment and rental income from house property.

Donald E. Fisher defines an investment as a commitment of funds made in the expectations of some positive rate of returns. If the investment is properly undertaken, the return will commensurate with the risk the investor assumes. F. Amling defines the term “investment” as the purchase by an individual of a financial or real asset that produces a return proportion to the risk assumed over some future investment period. Return is an important factor, which determines investment decision. In fact investments are made with the main objective of deriving a return. The return is of two types namely, yield and capital appreciation. The interest, dividend, rent, pension benefits received from

investment is known as yield, whereas the difference between the sale price and purchase price is called capital appreciation.

In simple words investment is the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of time. These assets may range from safe investments to risky investments. Investment is a commitment of a person's funds to derive future income in the form of interest, dividend, pension benefit or the appreciation of the value of their capital.

In a money economy, current money income represents the remuneration of productive services committed to the production of goods and services. The recipients of income spend the major part of it on current consumption and save the rest on a future claim on the society. These claims are lent out to entrepreneurs who commit their resources to the productive capacity of the economy.

There are different motives of investments for the women entrepreneurs. Every woman entrepreneur wants to save a portion of her current income to meet the future needs such as building a house, marriage of children, education of children, etc., and the root cause of savings for women entrepreneur is to spend one's future in comfort. Investing is an activity that fascinated people from all walks of life regardless of their occupation status, education and family background. Money and information are the basic and major factor affecting investment decision. Through savings and investment this objective can be achieved when individual savings and investment have been properly planned.

1.2 Statement of the Problem

Women as entrepreneurs are now successfully gaining importance in men's world because of their economic independence, combined with the challenge of doing something on their own and the encouragements they get from the members of the family. Their involvement in business, their less aggressive nature, patience, humanity

and gentleness, compared to those of men under similar conditions, make women sound personnel managers in both outside and inside home.

Women entrepreneurs always display an innate capacity to calculate and shoulder risks; with a problem solving approach, they have a very high degree of achievement motivation women also do not lag behind men in projecting a positive image of their talents and achievements.

“The hand that rocks the cradle can rule the world” is a popular saying about women. Savings is a habit specially embodied to women. Even in the past, when women mainly depended on their spouse’s income, they used to save to meet emergency expenses as well as for future activities. In those days, women did not have any awareness about various investment outlets. But as time passed, the scenario has totally changed.

Now the present women who are equally employed, through their education have knowledge about various aspects of investment and as a result they invest in various investment avenues such as shares, debentures, mutual funds and bank deposits.

Though a variety of investment options are available, majority of them still depend on the banking system to invest their savings using the surplus liquidity on the banking system, banks have steadily reduced the interest payable on deposits. There is a steady decline in interest rates offered by banks in spite of the huge cry raised by retired people and depositors. Hence it would be more useful to study the various other options available for getting better returns on one’s hard-earned savings from the organized system.

So, in the present study an attempt has been made by the researcher to know, how far women entrepreneurs are aware of the various investment options, the factors

motivating them to invest in these options, attitude of the women entrepreneurs and problems faced by them while investing their savings.

1.3 Objectives of the Study

The overall aim of the study is to evaluate the awareness level and the attitude of the women entrepreneurs and explore the investment pattern and behaviour of women entrepreneurs. Keeping the broad objective in mind, the following specific objectives are framed.

- To know the profile of the women entrepreneurs
- To study the various investment avenues available to women entrepreneurs
- To analyse the level of awareness of the women entrepreneurs towards the various investment avenues
- To study the factors motivating the women entrepreneurs towards various investment avenues
- To identify the problems faced by the women entrepreneurs while investing their savings
- To offer findings, suggestions and conclusion

1.4 Scope of the Study

The present study is confined to the various aspects of investment and investment avenues, factors influencing the investment behaviour of the women entrepreneurs, their attitude towards various investments, their preference towards the selection of a particular mode of investment and problems faced by them while investing their money. The area of study is limited to Coimbatore District only.

1.5 Hypothesis

The aim of the study is, to test the following hypothesis in the line with the objectives mentioned above:

- There is no significant difference on agreeability among year of establishment of business towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the age of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the educational qualification of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the marital status of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among type of family of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among number of family members of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the number of earning members in the family of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the annual income of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the family income of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the type of residence of the respondents towards the motivational factors considered, while investing their money.

- There is no significant difference on agreeability among type of entrepreneurship of the respondents towards the motivational factors considered, while investing their money.
- There is no a significant difference on agreeability among form of business of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the nature of business of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the form of capital of the respondents towards the motivational factors considered, while investing their money.
- There is no significant difference on agreeability among the annual turnover of the respondents towards the motivational factors considered, while investing their money.

1.6 Operational Definition of Concepts

The operational definitions of the concept used in the study is given below

1.6.1. Entrepreneur

One, who organizes, manages and assumes the risks of a business or an enterprise.

1.6.2. Entrepreneurship

Entrepreneurship is the process of creating or seizing an opportunity and pursuing it.

1.6.3. Self-Employment

Self Employment is earning one's living directly from one's own profession or business rather than as an employee.

1.6.4 .Family Business

A firm owned, controlled and operated by members of one or more families.

1.6.5. Women Entrepreneur

Women entrepreneur may be defined as a woman or a group of women, who initiate, organize and operate a business enterprise.

The Government of India has defined women entrepreneurs as an enterprise owned and controlled by a woman having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprise to women.

1.6.6. Investors

Investors refer to the women entrepreneurs having the habit of saving a portion of current income and invest it in other avenues.

1.6.7. Investment

Investment refers to the activity of deploying the saved money in one or more avenues of investment to get additional income or capital appreciation or both.

1.6.8 .Family size

It indicates the magnitude of the family of each woman entrepreneur. The size is determined on the basis of the number of members in the family consisting of both adult (above 18 years) and children (below 18 years).

1.6.9. Family Income

The term family income indicates the income earned by all the members of the family, from all sources during a particular year.

1.6.10. Motives of Investment

The driving force which made the investor choose a particular type of investment

1.6.11. Investment Decision

Making a final choice among the investment options available is termed as Investment Decision.

1.7. Methodology

The study is an empirical research based on the survey method. Both primary and secondary data are collected for the purpose of the study. Primary data were collected from the women entrepreneurs through a questionnaire.

The secondary data regarding the theoretical aspects of investments, investment avenues, motivating factors for investment, Characteristics of Successful Women entrepreneurs, problems of women entrepreneurs, remedies for effective development of women entrepreneurs and profile of the study area are collected from books, journals, newspapers and from websites.

In order to study the extent of awareness, motivational factors for investment, problems faced while investing money, attitude towards investment variables were selected and quantified by using Likert's type of five point scale. According to the nature

of data and interpretations required, appropriate statistical tools have been applied. The following tools have been applied in the study.

1.7.1. Percentage Analysis

The expression of the data in terms of percentage is one of the simplest statistical devices used in the interpretation of business and economic statistics. Percentages are useful for the purpose of comparison. Percentages were worked out for the demographic details of the women entrepreneurs.

1.7.2. Average

Average is a typical value of the entire group of data. It describes the characteristics of the entire mass of data. It reduces the complexity of data and makes them to compare with other data. The purpose of an average is to represent a group of individual values in a simple and concise manner so that the mind can get a quick understanding of the general size of the individuals in the group. Average reduces a complex mass of data into a single typical figure. That is an average condenses the mass of data into a single value.

1.7.3. Correlation

Correlation is the statistical analysis which measures and analyses the degree or extent to which two variables fluctuate with reference to each other. It expresses the relationship or inter-dependence of two sets of variables upon each other in such a way that the changes in the value of one variable are in sympathy with the changes in the other. Correlation is the numerical measurement showing the degree of correlation between two variables. One variable may be called independent and the other variable is dependent variable. According to Croxton and Cowden “The relationship of quantitative nature, the appropriate statistical tool for discovering and measuring the relationship and expressing it in brief formula is known as correlation”.

1.7.4. Multiple Regression Analysis

Multiple regression analysis represents a logical extension of two-variable regression analysis. Instead of a single independent variable, two or more independent variables are used to estimate the values of dependent variable. The multiple regression equation describes the average relationship between these variables and this relationship is used to predict or control the dependent variable.

In the study, multiple regression analysis has been used to know the asset holding possession of women entrepreneurs.

1.7.5. Analysis of variance (ANOVA)

The analysis of variance frequently referred as ANOVA, is a statistical technique specially designed to test whether the means of more than two quantitative population are equal. This technique is used when multiple sample cases are involved. The basic principle of ANOVA is to test the differences among the means of the population by examining the amount of variation within each of these samples, relative to the amount of variation between the samples.

In the study, the analysis of variances is used to find out the significance of differences in the factors considered in selecting a particular mode of investment.

1.7.6. Factor analysis

This is a multivariate technique which can be used to analyse the inter-relationship among a large number of variables and to explain these variables in terms of their common underlying factors. It reduces the attribute space from a large number of variables to a smaller number of factors. Factor analysis is a set of techniques which by analyzing correlation between variables, reduces their number into a fewer factors which explain much of the original data more economically. Even though a subjective interpretation can result from a factor analysis output, the procedure often provides an insight into relevant psychographic variables, and result in economical use of data collection efforts. The subjective element of factor analysis could be reduced, by splitting

the sample randomly into two, and extracting factors separately from both parts. If the factors are similar result the analysis could be assumed as reliable or stable.

This analysis was used for analyzing the awareness of investment avenues, attitude of women entrepreneurs and problems faced by them while investing their money.

1.7.7. Summated scales (Likert's scales)

Summated scales or Likert's type scales are developed by utilizing the item analysis approach where a particular item is evaluated on the basis of how well it discriminates between those persons whose total score is high and those whose score is low. Those items or statements that meet this sort of discrimination test are included in the final instrument. In a Likert's Scale, the respondent is asked to respond to each statement in terms of several degrees, usually five degree of agreement (or) disagreement. Each point on the scale carries a score of 5,4,3,2, and 1. Scaling describes the procedure of assigning numbers to various degrees of opinion, attitude and other concepts.

1.7.8. Garrett Ranking Technique

Garrett and Woodworth, (1969) stated that this technique could be applied to rank a set of items or factors as perceived by the sample respondents based on certain criteria.

The order of merit given by the respondents were converted into ranks by using the formula,

$$\text{Percentage position} = 100 * (\text{Rij} - 0.5) / \text{Nj}$$

Where, Rij = Rank given for i factor by j individual

Nj = Number of factors ranked by j individual

By referring the Garrett table, the present position estimated was converted into scores and then for each factor, the scores of various respondents were added and then the mean score was calculated. The factor with the highest mean score was considered to be the most important factor.

1.8. Constructions of Tools

The data relating to the level of awareness of various investments, motivating factors and attitude towards investments, factors considered while selecting a particular investment has been attempted with the help of questionnaire. A questionnaire has been presented in Appendix A.

For the purpose of identifying the variables for the study, the researcher met the General Manager of District Industries Centre (DIC), General Manager of Coimbatore District Small Scale Industries Association (CODISSA), field officers of various banks, women entrepreneurs who have engaged in different activities and held a discussion with them relating to the topic of research. On the basis of information gathered, the researcher has prepared the questionnaire.

1.9. Pre-testing of Questionnaire

A pilot study has been conducted with a sample of 15 women entrepreneurs during the month of April 2010. In this pilot study, the questionnaire was pre-tested and then redrafted for the use in the final study. This has helped to modify and include certain information in the final questionnaire. Therefore the final questionnaire has been prepared after simplifying, including, excluding and modifying certain questions and statements of the pre-tested questionnaire. The final questionnaire is thus prepared for data collection.

1.10. Sampling Design

Coimbatore District is selected for the study and it is divided into rural and urban areas. The rural area comprises of 389 Panchayat villages under 12 administrative blocks. The urban area consists of Coimbatore Corporation and four municipalities and 52 town Panchayats. For the purpose of the study, 300 women entrepreneurs (150 from rural area and 150 from urban area) have been selected by applying stratified random sampling technique from the list of women entrepreneurs received from the District Industries

Centre (DIC), Coimbatore District Small Scale Industries Association (CODISSA) Coimbatore. The following table shows the sample taken for the study.

TABLE 1.1
SAMPLE RESPONDENTS

S.No.	Sample Units	Rural	Urban	Total
1	Trading Concerns	61	44	105
2	Service concerns	33	72	105
3	Manufacturing Concerns	31	29	60
4	Agri-Related Concerns	25	5	30
	Total	150	150	300

1.11. Geographical Coverage

The area of the study was undertaken at Coimbatore District, since the area was well known for more number of businesses run by women entrepreneurs.

1.12. Field Work and Collection of Data

Field work for this study was carried out by the researcher herself. It was carried out in the months of April to December 2010.

The respondents had been identified for this study, on the basis of the list of women entrepreneurs registered with the District Industries Centre, Coimbatore District Small Scale Industries Association, Coimbatore. As the identity was known to the respondent, it was found easy for the researcher to collect the data from the respondents.

1.13. Data Processing

After collecting the data, filled up questionnaire were edited properly, to make them ready for coding. All the information collected with the help of the questionnaire

was summed up by preparing a master table and then classification tables were prepared. The classification tables were used for further analysis.

1.14. Limitations of the study

- The results are location specific as the data has been collected from the respondents of Coimbatore District and therefore the conclusions drawn may not be applicable to different socio- economic conditions.
- Since the study is confined to the women entrepreneur's investment behaviour only the outcome could not be generalized to other category investors. Findings will hold good only under similar conditions.
- Few respondents are not willing to express their opinion and views on their investment and have expressed common view on investment practices.

1.15. Scheme of Report

The thesis is divided into seven chapters.

The first chapter deals with the design of the study. It covers introduction, statement of the problem, objectives of the study, scope of the study hypotheses, operational definition of concepts, methodology, construction of tools, pre-testing of questionnaire, sampling design, geographical coverage, field work and collection of data, data processing, limitations of the study and scheme of report.

The second chapter presents the review of previous studies.

The third chapter deals with the theoretical aspects of investments, various investment avenues available to women entrepreneurs, motivating factors for investments, characteristics of successful women entrepreneurs, problems faced by the women entrepreneurs while investing their money, remedies for effective development of women entrepreneurs and profile of the study area.

The fourth chapter studies the socio-economic profile of the sample women entrepreneurs.

The fifth chapter analyses the investment behaviour of rural women entrepreneurs.

The sixth chapter analyses the investment behaviour of urban women entrepreneurs.

The final chapter gives the summary of findings, suggestions and conclusion.