CHAPTER – III

Conceptual Framework and Profile of Working Women Investors
CONCEPTUAL FRAMEWORK AND PROFILE OF WORKING WOMEN INVESTORS

3.1 INTRODUCTION

This chapter discusses the conceptual framework and profile of working women. A conceptual framework is an analytical tool with numerous variations and contexts. It is used to make conceptual differences and organize ideas. Strong conceptual frameworks capture data factual and do this in a way which is easy to remember and apply. The meaning of investment, investors, factors determining investment, objectives of investment, sources of investment information, various financial products, characteristics of women, status of working women, problems of working women, safety of working women, women as an investor and woman power are discussed clearly in this chapter.

3.2 MEANING OF AN INVESTOR

All investors dream to be a super investor and spend an inordinate amount of time and resources achieving the same. In spite of best efforts, most of them fail in their attempts to be more than an average investor. Everybody keeps trying, hoping that they could become the investing legends – another Warren Buffet or Peter Lynch (Gurusamy S., 2013).

Market perceptions differ for different investors. For instance, an investor, who believes that markets over-react to news, may cultivate a strategy of purchasing stocks after large negative earnings and selling stocks after positive earnings. Similarly another investor who has faith in the markets may make mistakes in whole, look at methodological indicators to find out whether the market is overbought or oversold and takes a diverse position. Yet another investor who trusts that market mistakes are more probable when information is vague may look for stocks that are not tracked by analysts or possessed by institutional investors.

An investor takes up an investment from the view of financial rate of return. He will first ascertain whether the investment is profitable, whether the investment
will provide adequate return according to the present value of money. Investment behavior can be defined as how the investors evaluate, predict, analyze and review the process for decision making, which includes investment psychology, data gathering, defining and understanding research and analysis. (Alfredo and Vincente, 2010).

### 3.3 MEANING OF INVESTMENT

An investment is a commitment of funds invested in the belief of some positive return. If the savings on investment is appropriately undertaken, the returns will be proportionate with the risk the investor assumes (Donald E. Fischer and Ronald J. Jordon).

Investment is the buying by an individual or institutional investor of a financial asset or real asset that creates a return in proportion to the risk presumed over some forthcoming investment period (Ramesh Babu, 2007). Investment means the current commitment of resources in order to achieve later benefits. In some cases, such as the investment in bank certificate of deposit, the quantum of money to be attained later is calculated accurately. However, in many other situations the amount of money to be attained later is uncertain (David G. Luenberger, 2010).

Investment is the sacrifice of certain present value of money for the uncertain future reward (Indian Express, 1998). It involves arriving at several decisions such as form, mix, amount, timing, grade etc. of various investment and disinvestment (Bhalla V.K., 2008). In addition, such decision making has not only to be continuous but balanced too. An investment choice is a compromise between risk and return. All investment selections are made at points of time in accord with the personal investment ends and in observation of an uncertain future. Since investments in securities are revocable, investment ends are temporary and investment atmosphere is fluid, the reliable bases for reasoned expectations become more and more unspecified as one conceives of the distant future. Investors in securities will, therefore, reassess and re-evaluate their various investment obligations in the light of new information, changed expectations and ends (Bhalla V.K., 2008).
The word investment has many interpretations. It means different things to different persons. For a person who has given money to another, it may be an investment for a regular return. Similarly, if a person acquires shares of a company, bullion or land for the purpose of price appreciation, it is also an investment for him. An insurance plan or a pension plan is also an investment for a purchaser. Hence investment is a sacrifice of funds for earning more additional income at a later point in time (Natarajan L., 2008). For creating appropriate investment involving both risk and return, the investor needs to have a detailed study of the alternative financial investment avenues of investment, their risk and return features and make proper predictions or expectations of his preferences (ThulasiPriya, 2015).

3.4 FACTORS DETERMINING INVESTMENT:

The events related to investment consist of procurement of assets, their maintenance of assets and the liquidation of assets. A proper investment should simplify these investment activities and nurture their growth. There are certain factors which are favorable to the growth of investment. As savings result in investment the government should acquaint with suitable measures to encourage savings among the people especially women. The rights of the investors who have invested in various investment avenues, their surplus assets should be safe against any possible infringement. The factors which determine investments are well organized monetary system, household savings and investments, modes of investment.

3.5 OBJECTIVES OF INVESTMENT

The opportunities for investing and savings are recurrently increasing, yet every single investment opportunity can be easily considered according to three fundamental characteristics safety, income and growth, which also corresponds to different investment objectives as safety, income, growth of capital, tax minimization, marketability and liquidity.
3.6 SOURCES OF INVESTMENT INFORMATION

A search for new investment opportunities helps investors to beat the market. Information can be accrued by investors through many sources. Information on investments is available through Floating financial securities, corporate houses, Government bodies and Mutual funds. Many of these enterprises have their own websites and broadcast investment related information on the site financial markets. Information on investment decisions is also provided by Stock exchanges and regulatory bodies. An investor friendly secondary market in India is achieved by the efforts of SEBI which uses variety of modes to promote investor education. Valuable information is also given by RBI relating to the current interest rates on non-banking financial intermediaries that mobilize money through various deposit schemes (Ranganathan, 2016). Financial service intermediaries promote securities to the public. Many of these intermediaries are agencies of specific instruments, particularly tax savings instruments (Investment analysis and Portfolio Management, 2006). These intermediaries offer to share their commission from the concerned institutions with the individual investors. Thus, investors get an additional advantage while investing through agents. Investment information to the public is provided to the public through Media, Press sources, such as financial newspapers, financial magazines, internet web sites, and so on. In addition to information on securities, these sources also provide an analysis of information and, in certain instances, suggest suitable investment decisions to be made by the investors. Investment advices, particularly in media, tend to behave unreliably and might result in herd behavior in the market. Herd performance does not lead to profitable investment decisions, specifically to small investors, who would value a lot by understanding and analyzing information on their own.

3.7 INVESTMENT PROCESS

Generally the investment process can be analyzed in four stages namely,

i) Investment Policy
ii) Investment analysis
iii) Valuation of securities and
iv) Portfolio construction.
3.8 FINANCIAL INVESTMENT AVENUES

Many individuals think investments to be fascinating because they can contribute in the decision making process and check the results of their choices. All investments are not profitable, as investors do not continuously make the correct investment decisions. Investing is not a game but a serious issue that can have a major influence on the investor's future well-being. Practically everyone makes investments. Even if the individual does not choose definite assets such as stock, investments are still made through participation in pension plan, and also on employee savings program or through obtaining of life insurance or a home or plot (Velmurugan, Selvam, 2015). Potential return and risk are the common features that investments have. The future is uncertain, and one should determine how much risk a person is willing to bear since higher returns are connected with accepting more risk.

The investment goals should be stipulated by an individual. Once these goals are recognized, one should be conscious of the mechanics of investing and the environment in which investment decisions are made. These contain the process by which securities are issued and later being bought and sold, the regulations and tax laws that have been enacted by numerous levels of government, and the sources of information concerning investment avenues that are available to an individual. An understanding of this financial background leads to three important general financial concepts that relate to investing.

The field of investment today is more dynamic than it was a decade ago. World events rapidly change and alter the worth of specific assets. The individual has so many assets to choose from various portfolios and the amount of information available to the investors is overwhelming and repeatedly growing. Furthermore, inflation has served to increase awareness of the importance of financial planning and wise investing. One can expect an important fallout due to rising inflation in higher interest rates. The central bank aims to reduce demand in the economy by increasing the cost of money. When making fresh investments or evaluating existing holdings in potentially inflationary times one has to keep the possibility of higher interest rates and the erosion in the value of the currency in mind. There are number of investment avenues available. They are as follows:
Public Provident Fund: (PPF)

The duration for PPF is 15 years. The rate of interest for investment is 8%. Investment in Public provident fund can be done in any Head post office or selection grade sub post office or in any nationalized bank. An individual above 18 years can invest in PPF schemes. The amount invested must be minimum of Rs.500/- and maximum of Rs.70,000 p.a. An individual can avail loan from the 3rd year to 6th year up to 25% of the amount available in the preceding second year, one withdrawal during any one year at any time after 6 years. The amount of withdrawal is limited up to 50% of the balance on credit. Nomination facility is also available. Interest is fully exempted from tax. Any balance in the PPF account is completely exempted from wealth tax. The account can be extended for any block period of 5 years and the entire interest income earned is exempt from tax.

Life Insurance

Life insurance is a contract for payment of a sum of money to the person called as an insured with the insurance company on the happening of an event insured against (Tulsian, 2002). It is a contract between the insurance company and the insured for a number of years as specified in the agreement. The annual bonus which accrues to the policy holders gets accumulated into a substantial amount over a period of time. The important advantages of life insurance are protection, facility for savings, liquidity, tax benefits.

National Savings Certificates

National Savings Certificates, popularly known as NSC, is a time-tested tax saving instrument that associates adequate returns with high safety.

National Savings Certificates are available in the denominations of Rs.100, Rs.500, Rs.1000, Rs.5000, & Rs.10,000. There is no maximum limit on the purchase of the certificates. Period of maturity of a certificate being six years. Income Tax rebate is available on the amount invested and interest accruing under Section 88 of the Income Tax Act, as amended from time to time.
Systematic Investment Plan in ELSS

Systematic investment plan in ELSS are most advantageous for an investor as one can invest as low as Rs.500/- per month in ELSS through the Systematic Investment Plan. The philosophy of SIP is that it makes sure that the investor acquires more when the market is declining and purchases less when the market value is rising.

Fixed Deposits

A fixed deposit is meant for those investors who want to invest a large sum of money for a fixed period starting from a minimum period of 15 days to five years and above, thereby earning a higher rate of interest in return. The investor gets a lump sum that is principal together with interest on the maturity of the deposit.

Company Fixed Deposits

Many companies have come up with fixed deposit schemes to mobilize money for their needs. The company fixed deposit market is a risky market and has to be looked at carefully. The maturity period varies from three to five years. Fixed deposits in companies have a high risk because they are unsecured; however they promise higher rate of return than the bank fixed deposits. Fixed deposit in non-banking financial companies is another financial investment avenue open to investors. NBFC's include leasing companies, hire purchase companies, investment companies, chit funds and so on. Deposits in NBFC’s carry higher returns with higher risk compared to bank fixed deposits.

Shares

The capital of the company can be divided into different units with definite value called shares. Holders of these shares are called shareholders or members of the company. There are two types of shares which a company may issue (i) Preference Shares (ii) Equity shares.
Debentures

In debt investment an investor lends money to an entity (corporate or governmental) that borrows the funds for a definite period of time at a fixed rate of interest.

Mutual Funds

Mutual funds have become popular all over the world as they carry benefits in the form of safety of principal, capital appreciation and interest or dividend. In mutual fund scheme an investor even with a small amount of money can be a participant in investing in big companies, which are otherwise inaccessible to him because of his small investment. Mutual funds collects the saving of small investors, invest them in Government and other corporate securities that is in various portfolios and earn income in the form of interest and dividend. The income and capital appreciation arising out of investment are shared among the investors by careful selection of securities over a diversified portfolio, covering a number of companies and industries.

3.9 WORKING WOMEN

Women with paying jobs are designated as working women. Working women is one who earns salary, wages or other incomes through regular employment outside the home. Owing to deviations in society and increasing financial demands on today’s families, more women are forced to work, rather than stay at home.

Working women are now successfully gaining importance in men’s world because of their economic independence together with the challenge of doing something on their own and the encouragement they get from the members of their family. Their involvement in their work, their aggressive nature, patience, humanity and gentleness, compared to those of men under similar conditions, make women sound personnel managers in both outside and inside homes. Working women always display a distinctive capacity to calculate and shoulder risks, with a problem
– solving approach, they have a very high degree of achievement motivation and
women also do not tag behind men in projecting a positive image of their talents and
achievements. The other characteristics of working women can be recorded as
ability to think independently, imagination and creative activity, easy adaptability to
any change at home or elsewhere and resilience and the ability to manage with
setbacks.

Working women denote a group of women who have broken away from the
beaten track and are discovering new avenues of economic participation. Today
women are in non-traditional fields as leading doctors, consultants, distributors, and
exporters, manufacturers of electric goods, publishers, designers, and interior
decorators. Small units are run for the manufacture of ready-made garments,
handicrafts, textile printing, toys and dolls, plastics, processing and preservation of
fruits by enterprising ladies.

Women are no more confined to manufacturing 3P’s namely pickle, powder
and papa but are venturing into modern technological field of 3E’s namely energy,
electricity and electronics which is very heartening to see and speak for the brighter
future of women. Pandit Jawaharlal Nehru often says, when women moves forward,
the family moves, the village moves and the nation itself moves. It is a known fact
that only when women are in the mainstream of progress any economic
development can be meaningful.

During 1970’s the decade of the International Women’s Year, efforts to
promote self-employment among women received greater attention from the
government and private agencies. The New Industrial Policy of the Government of
India has laid special emphasis on the need for conducting special entrepreneurial
training programs for women to enable them to develop their own ventures
(Laxmikant Tripathi, 2012). Financial institutions and banks have also set special
cells to assist women entrepreneurs. The five year plans have constantly placed
special emphasis to improve the conditions of women and integrate them in
economic development process. National and International women associations are
also setup with a purpose to create a congenial environment for developing women entrepreneurship in rural and urban areas.

3.10 CHARACTERISTICS OF WORKING WOMEN

Drive and energy

Women have a wonderful amount of personal energy and drive. They possess the capacity to work for longer hours for several days with less than a normal amount of sleep. Many researchers have proved drive and energy as the characteristics desired by women and frequently observed in successful women.

Self confidence

Successful women have a high level of self-confidence. They tend to believe strongly in themselves and their ability to achieve the goals they set. They also believe that events in their lives are mainly self-determined and that they have a major influence on their personal destinies and have little belief in fate.

Long term involvement

Women who create high potential ventures are driven to build a business rather than simply get in and out in a hurry with someone else’s money. They make a commitment to a long-term project and to working towards goals that they may be quite distant in the future.

Money as a measure

Money has a very special meaning for the successful working women. It acts as a motivating factor for women as money is able to face financial constraints in the family.

Persistent problem solving

Women who earn income on their own possess an intense level of determination and desire to overcome hurdles, solve problems and complete the jobs. They are not intimidated by difficult situations. In fact, their self-confidence
and general optimism seem to translate into a view that the impossible just takes a little longer (Donald F. Kuretko, 2016).

**Goal setting**

Working women are goal oriented. They have the ability and commitment to set clear goals for themselves. These goals tend to be high and challenging but they are realistic and attainable. Working women are doers; they are goal oriented and action oriented. According to psychologists, they are motivated by a high need for achievement. They also have a great concern for time. Hence having clean measurable goals is an effective way for entrepreneurs to set priorities.

**Statement of feedback**

Working women are high achievers and are very much concerned about their performance especially about doing well. If there is no feedback about their performance, they do not know how well or poorly they are doing. Working women demonstrate a capacity to seek and use feedback on their performance in order to take connective action and improve themselves.

**Dealing of Resources**

Several studies have emerged in recent years which show that working women and successful entrepreneurs know when and how to seek outside as well as inside help in building their companies. Working women seek expertise and assistance that is needed in the accomplishment of their goals.

**Tolerance of Ambiguity and Uncertainty**

Working women have long been viewed as having a special tolerance for ambiguous situations and for making decisions under conditions of uncertainty. Working women are highly energetic, independent, self-confident, and competitive and goal oriented. They are usually generalists rather than specialists and are more flexible than rigid. These characteristics of working women disprove the common opinion that women are strongly dependent and passive.
Technical Knowledge

Technological change is the prime mover in the process of economic growth. Inventions and innovations have led the process of development in the world. Success of working women depends basically upon their capability to update themselves to the new technology.

Willingness to Change

Working women is one who is interested and willing to change herself according to the situations. She should be able to take initiative and to adapt to changing conditions. She should have the capacity to explore new demand which occurs with the growth of industry and rise in per capita income.

Changing the Pattern of Production

The working women should have a keen desire to initiate and accept change. She is expected to realize new combinations involving new products, new methods of production, development of new market and utilization of new source of productive factors and a new form of organization.

Ability to Select, Train and Develop Persons

Working women are able to select, train and develop persons who can properly manage and control the labour force. They have the ability to pick and select the right person for the right job and wisely delegate authority and be responsible to the work allocated.

3.11 STATUS OF WORKING WOMEN

The status of working women in India has undergone substantial change due to growing industrialization and urbanization, spatial mobility and social legislation. Over the recent years, more women are going in for higher education, technical and professional education and their proportion in the labour force has increased. With the blowout of education and awareness, women have shifted from the extended kitchen, handicrafts and traditional cottage industries to non-traditional and higher levels of undertakings.
Though Indian women are more independent and aware of their legal rights, such as right to work, equal treatment, property and maintenance of assets, a majority of women still remain unaware of these rights. There are various other factors that affect their quality of life such as age of marriage, extent of literacy, role in the family and so on. In many families, women do not have a voice in making any decisions while in several other families, the women may have a dominating role. The result is that the empowerment of women in India is highly unbalanced and with huge gaps. Those who are economically independent and literate live the kind of life that other women tend to envy about. This inequality is also a cause for worry because balanced development is still not taking place.

Indian society is still a male dominated society in nature, and men are still considered the sole bread-winner of the family. All Indians have been enjoying the benefits of being an independent nation for the past few decades where men and women are considered to be equal. However, women started enjoying equal rights only just before the start of the new millennium. Moreover, this is true particularly for women in the urban areas of the country. Rural women, who form the majority of the Indian female population, have yet to catch up with the concept of professional work, although women there are used to working in farms and cottage industries.

3.12 PROBLEMS OF WORKING WOMEN

The position of Indian women has undergone considerable change. Though Indian women are far more independent and aware of their legal rights, such as right to work, equal treatment, property and maintenance, a majority of women still remain unaware of these rights. There are other factors that affect their qualities of life such as age of marriage, extent of literacy, and role in the family and so on (Legal India, 2010). Though India has become more welcoming to women who are working outside the home, there are some fundamental problems still faced by working woman, as was the case even many decades back.
Acceptance as working Professionals

Many Indian men still could not digest the fact that women are also capable of working with them, shoulder to shoulder, in any field or professional sphere. They still consider women as individuals who should be in charge of the kitchen and other domestic affairs. Job is either seen as a temporary evil for women whose husbands do not earn enough. As a result, Indian working women do not get the respect they require from their male colleagues in the workplace. Also, Indian women are often deprived of promotions and growth opportunities at work place. A majority of women continue to be deprived of their right to equal pay.

Balancing Work-Family Life

Women in India are still viewed as the family manager back home no matter how high their position or designation is in the office. They are anticipated to return home at a certain time, cook, clean and take care of family affairs. In fact, men who help out around their house are often the butt of jokes by their male friends. This makes life tremendously stressful for women who have little help around the house and have to do it all.

Travelling for work is not acceptable

The problem faced by married working women is that they cannot travel or go on tours without having to answer uncomfortable questions by most of their friends and family. This is especially true for married women, who also have a prosperous career. Their professional obligations often depend on the support and understanding of family members.

A married man can go on long official tours outside his home city, without raising eyebrows and questions from his family members and peers, but his equally-successful wife will face disapproval. As a result, women often have to opt for jobs that does not involve travel or settle for not being promoted as a result.

Safety of Working Women

Women who need to travel on official business has to be concerned about her safety. Women travelling out of their home city for work trips are considered
susceptible and an easy target to fulfill the lewd intentions of their chauvinist male colleagues. Checking into a hotel alone is also one of the problems faced by working women, even if the trip is purely official. Many hotels refuse to allot a room to a single woman because of their own safety concerns or if a woman decides to stay alone, she might be viewed with suspicion.

**Unequal Pay**

One of the raging topics of discussion in the context of problems faced by working women is that of equal pay. Legally, a woman is permitted to get the same salary as their male colleagues for the same kind of work done by them. However, gender discrimination is widespread as many companies still do not follow these guidelines and pay women less than their male colleagues.

**3.13 WOMEN AS AN INVESTOR**

As women and as an investor shaping of financial future is important in her life. Control today is essential for realizing her dreams tomorrow. Whether women are beginning to develop their investment strategy or are refining a current one it is important to keep in mind that they should build a financial legacy for a long term. At various stages of life she is forced with important investment and financial decisions. Success is making these decisions with the help of a sound investment strategy that can have a major impact on their income, net worth and ultimately quality of life after retirement. (Business, 2010). Women today have more earning potential and more influence over financial decisions than before. Women represent almost half of the workforce and many businesses are owned or managed by women. Many women influence or control the majority of all consumer purchase decisions and many of the investment decisions.

About 23% of working women make their own investment decisions, said a study by DSP BlackRock conducted by research agency Nielsen. The rest, about 77%, depend on their spouse or their parents for investment decision. Of the 23%, around 18% are single working women. Most women are only informed about investment decisions, already taken or at best are joint decision makers. Women are
inclined towards safety and believe in long term investing. According to the survey, while 92% of working women claim to be involved in the investment decision-making process, 70% of these women are actually joint decision makers and a majority of these, at 52%, are only informed about the investment decisions which have already been made. The main reason why women don’t take investment decisions is that they are safety oriented and unwilling to take risk.

Among working women, sole decision makers in the urban areas stood at 24% while in the rural areas it stood at 20%. Proportion of sole decision makers among working women is expressively high among divorced and widowed women.

Securing their future and their children’s education were among the primary motive for investments among women, especially in the non-metro areas. Getting richer as a primary investment motive was seen only among women in the metros. Women are inclined towards safety while investing and hence put more money in instruments that yield fixed returns. Most of the surveyed women also feel that they have control over their money and disciplined about their spending. Tax was not seen as a primary motive for investments by working women. When it comes to trusting various financial institutions, it was observed that women trust nationalized banks (88%) which is almost twice as much as they trust Indian private banks (43%) and foreign banks (24%).

3.14 WOMAN POWER

Many decades ago most working women were mere signatories to investment products selected by their fathers or husbands. But now, more than half of them can make their own financial decisions. The percentage of women making investment decisions independently has increased from 37% three years ago to 52% (Nielson, 2016). This money management by women has been motivated by various factors like increased awareness spread by financial product companies through advertisements and other enterprises, companies educating employees on tax planning and peer encouragement (Times of India, March 25, 2016). Interest has also assisted women with their investments as it allows them to research and zero in on schemes fit for them. Though the percentage of working women managing their
finances initially started at a low rate, it has seen a steady rise from 37% in fiscal 2013 to 41% in fiscal 2014 and now to 52% in fiscal 2015. Hence, women from non-finance background are becoming more active with their investments (The Times of India, 25th March 2016).

The women investors must ensure to obtain written documents explaining the investment, read and understand such documents before making such investments. However, as markets go through their cycles and as women go ahead in life, women tend to overlook the basics, getting carried away by the moment, be it on account of a windfall gain, a hot investment tip or sharp movements in the markets, ending up making a bad decision. Behavioural Economics is not just suggesting that human beings are irrational; it indicates that not all actions are rational because the human mind simply has limited capacity to store and process information. Working women rely on simple thumb rules which usually serve them well, they are mentally cost-effective - but however lead them into consistent errors. Success in investing lies in being aware about these pitfalls and trying to overcome them. In other words, women should also keep feelings out while investing (Franklin Templeton).

An investment is antagonized with array of investment avenues. A number of investment avenues are available for investors in our country. Many of them are marketable and liquid while others are non-marketable. Some of them are highly risky while others are risk less. Today the spectrum of investment is indeed wide. The women investor has to choose proper financial instrument depending upon his specific need, risk preference and return expected.

3.15 CONCLUSION

Attempts were made to cover general hypothetical establishments under which this study can be molded along with the exact study. It has covered all areas to assemble appropriate data to improve the working women to make appropriate decisions. These theories have been covered from various journals over varying periods of time which served to incorporate the old with the new hypothetical idea in the study.