

# Factors Influencing the Decision Making of Salaried Women Employees in Banking Sector

K S Meenakshisundaram, K V Ramanathan



**Abstract:** Decisions towards investment are based on investor's mind set rather than rational decision making. The main objective of this research study is to identify the factors that influence the investment decisions of the women employees working in banks. The data for the study were obtained from 250 women investors employed in various banks in Chennai through survey method using a well-structured questionnaire and with. Statistical tools such as factor analysis and garrett's ranking method were used to identify the factors influencing the investment decision of the respondents. Factors like Investor's Self-confidence, Investment Prudence and Investment Planning & Annoying Planning were identified for the investment decision of respondents. Further, Friends / Colleagues and Family members were found to be the motivational factors for influencing the decision making process by the investors.

**Keywords:** Investment, Investment behavior, Factor Analysis, Investment prudence, Investment planning.

## I. INTRODUCTION

Investments are made by the investors to buy financial assets and investment decisions are taken by investors are based on their attitude and their opinions about the investments to be made. Investors are attracted to investments because they can participate in the decision-making process and see the results of their choice. The main purpose of investors engaged in investment is to maximize their income and minimize their expenses. Investors always feel that they take right investment decision, but not all investments will yield profit every time.

## II. LITERATURE REVIEW

**Mehmet Islamoglu, Mehmet Apan, Adem Ayvali (2015)** in their study concluded that i investors are influenced by various factors while they make investments. It was also concluded that there was significant relation between investment information and traditional behaviour on investment. It was also uncovered that there was no positive significant relation between religion and society during investment decisions. Investors think and do alternative plans to reduce their risks and gave importance to financially and further investors showed interest in knowing information on finance through media and through internet in order to do their investment.

**Dinesh Gabhane & Kishor S B (2013)** has conveyed in their study the preferences and implication of demographics on the factors influencing the investment decision and also reveals that both genders male and female investors have preference towards fixed deposit of banks and life insurance, gold/silver, real estate, mutual fund and others. Awareness on the avenues of investment vary depending on their educational qualification. Also, investors lack awareness about investment avenues especially in company fixed deposits, debentures, fixed income bonds. Safety from the investment is the prime concern of each and every investor while taking investment decisions. Younger investor prefers to invest in investment avenues having low liquidity for longer period and elders prefer to invest in the investment avenue having higher liquidity for shorter period. Also, Investors from service sector prefer to invest for longer period with the expectation of good and safe returns while business class investors are opportunistic and preferred to invest for short period with the expectation of higher returns. Risk taking capabilities of the investors differ according to their income. In other words, Risk taking ability is directly proportional to income. Expectation of returns by the investors on investment largely depends on their capacity to invest i.e. earnings and preference of the investment avenue. Finally, has been stated that selected demographic factors were found to be significant towards the factors which influence investor's decision.

**Lubna Ansari & Sana Moid (2013)** in their research study have analysed the Factors responsible for the investment behaviour of young professionals and concluded that their investment is independent of age, income and gender and further it was stated that majority of the investors before investing have considered the volatility of stock market and the risk factors.

**Tomola Marshal Obamuyi (2013)** has opined that investment decisions of investors in Nigeria are influenced by past performance of the company stock, dividend policy, expected stock split/capital increases/bonus, expected corporate earnings and get-rich-quick and all these factors were significantly influenced by age, gender, marital status and educational qualification of investors in the Nigerian capital market.

**Sudarshan Kadariya (2012)** in their study of factors affecting investor decision making in Nepalese Capital Market studied the market reactions to intangible information and tangible information.. It was reported that tangible components such as dividends, earnings,

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number of equity, and book to-market ratio and the intangible components like political party led government are considered the top five important factors affecting investment decisions as per the opinion of individual stock investors. The capital structure and average pricing method are found to influence the investment decisions, followed by political and media coverage, belief on luck and the financial education, and finally trend analysis. Investors believe in their ability to make profits and blame for market on incurring losses. Majority of the investors of stock prefer capital gain rather than usual cash dividends and seasonal issues. The limited investors depends on their own skills and analytical power in investment decision. The most influencing factors for decision making were found to be media and friends.

### I. OBJECTIVE OF THE STUDY

The objective of the study are as follows:

1. To identify the factors influencing the investment decision of women working in banks.
2. To ascertain the motivational factors influencing their decision.

### II. RESEARCH METHODOLOGY

The research Strategy followed in this research is presented below in the table.

<b>Research Design</b>	Descriptive
<b>Study Population</b>	Working Bank Women Employees
<b>Study Area</b>	Chennai.
<b>Sample Frame</b>	Women Employees working in Banks in the age of 21 to 60 in various levels
<b>Sampling Unit</b>	Employees of Bank
<b>Sampling Method</b>	Convenient sampling
<b>Sample Size</b>	250 Women Investors
<b>Nature of Data</b>	Both Primary and Secondary
<b>Sources of Primary Data</b>	Survey method through Questionnaire
<b>Sources of Secondary Data</b>	Journals, Magazines, Previous Research Reports & Websites
<b>Tool used for Data collection</b>	Questionnaire
<b>Type of Questions</b>	Close ended, Multiple choice
<b>Establishing Validity</b>	Carried out to check Validity of constructed Questionnaire
<b>Test of Reliability</b>	0.810 (15 items)
<b>Statistical Tools Used</b>	Factor Analysis Garrett's Ranking Method

#### Data Analysis and Interpretation

The data collected from the respondents through the structured questionnaire were consolidated and analysed. Factor Analysis technique is used to reduce the more number of variables into lesser numbers of factors.

#### Factor analysis – Investment Belief

In this occasion, all the 15 variables in the questionnaire relating to Investment belief were considered and factor analysis was carried out.

**Table 1 showing the result of KMO and BARTLETT's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.796
Bartlett's Test of Sphericity	Approx. Chi-Square	1016.005
	Df	105
	Sig.	.000

Source: Computed Data

Above table indicates the KMO measures of sampling adequacy as 0.796 which is higher than 0.5 indicates that the factor analysis can be used for the given data set. Bartlett's test of sphericity for testing the significance of the correlation of the variables indicates that the co-efficient matrix is significant as p value is 0.000 and is below 0.05, which shows that relationships exists significantly among the variables considered for factor analysis.

**Table -2 showing Communalities**

Components	Initial	Extraction
B1. I am responsible for my Investment	1.000	.519
B2. I plan for my future.	1.000	.775
B3. I have control over my financial requirement.	1.000	.592
B4. A long time investment horizon is a responsibility and an advantage.	1.000	.592
B5. Long term value creation requires effective management of capital / savings.	1.000	.705
B6. I will take risk only where I have a strong belief that I will be rewarded for it.	1.000	.478
B7. Clear financial goals with timelines and amounts should be made.	1.000	.383
B8. I get annoyed with people who do not plan in advance and save for their own future.	1.000	.830
B9. I am satisfied with my current financial position	1.000	.487
B10. I am confident of my ability to select financial instruments for investment	1.000	.597
B11. I am responsible for the results of my investment decisions	1.000	.484
B12. I am confident to manage my investment.	1.000	.508
B13. I have complete knowledge of available financial instruments.	1.000	.600
B14. I feel secured and confident because of my investments.	1.000	.511
B15. I work on my own ideas without depending on others in investment planning.	1.000	.514

Extraction Method: Principal Component Analysis.

Source: Computed Data

The communalities table identified the variance exhibited by 15 components of Investor's investment belief factors. The statements with factor loading 0.40 or higher is clustered to form separate constructs (Haier 2006) It ranges from .478 to .830. This implies that the variance is significant in its range of 47.8% to 83.0%. This further concludes that the variables grouping in the formation of factors is significant and meaningful.



Table -3 showing Components and variance explained

S No	Component	Eigen Value	% of variance explained	Cum Variance
1	Component 1	4.382	29.215	29.215
2	Component 2	1.857	12.378	41.593
3	Component 3	1.230	8.203	49.796
4	Component 4	1.106	7.372	57.168

Source: Computed Data

The total variance amounted, for by all the four factors with Eigen value that is more than 1 is 57.17 percent and the balance variance is explained by other variables. Among the four factors, the factor one accounts for around 29.21 % of variance which is the major criteria considered by any investor while evaluating an investment instrument. The second factor accounts for 12.37%, third factor 8.20% and the fourth factor 7.37% of the variable which are to be considered by the investors.

Table -4 Rotated Component Matrix

Variables	Component			
	1	2	3	4
B10.I am confident of my ability to select financial instruments for investment	.752			
B13.I have complete knowledge of available financial instruments.	.737			
B15.I work on my own ideas without depending on others in investment planning.	.705			
B14.I feel secured and confident because of my investments.	.667			
B12.I am confident to manage my investment.	.654			
B11.I am responsible for the results of my investment decisions	.589			
B9.I am satisfied with my current financial position	.529			
B5.Long term value creation requires effective management of capital / savings.		.839		
B4.A long time investment horizon is a responsibility and an advantage.		.742		
B6.I will take risk only where I have a strong belief that I will be rewarded for it.		.637		

Variables	Component			
	1	2	3	4
B2.I plan for my future.			.828	
B3.I have control over my financial requirement.			.727	
B1.I am responsible for my Investment			.669	
B8. I get annoyed with people who do not plan in advance and save for their own future.				.895

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Source: Computed Data

Table 4 shows the rotated component matrix, in which the factors extracted are assigned a new name related together. First Factor is the most important factor which amounts for 29.215% of the variance where seven items are loaded on this factor. The variables are (i) I am confident of my ability to select financial instruments for investment. (B10- 0.752) (ii) I have complete knowledge of available financial instruments. (B13 - 0.737) (iii) I work on my own ideas without depending on others in investment planning. (B15 - 0.705) (iv) I feel secured and confident because of my investments. (B14 - 0.667) (v) I am confident to manage my investment. (B12 - 0.654) (vi) I am responsible for the results of my investment decisions. (B11 - 0.589) and (vii) I am satisfied with my current financial position. (B9 -0.529) are having high correlation among each other.

From above statements, it clearly shows that the investor has thorough knowledge on the financial instruments and confident on their ability to satisfy their financial requirements on her own ideas without depending on others on planning. Hence this segment of investment belief is named as **Investors Self-confidence**.

Factor two is the next significant factor accounted for 12.378% of the variances where three variables are loaded on this factor. These variables are (i) Long term value creation requires effective management of capital / savings. (B5-0.839) (ii) A long time investment horizon is a responsibility and an advantage. (B4 - 0.742) (iii) I will take risk only where I have a strong belief that I will be rewarded for it. (B6 - 0.637) and these items have high correlation among each other.

From these statements it is vivid that long term value creation, advantage of long term investment horizon, risk taking ability with strong belief on reward and clear financial goals would help the investor in achieving the objectives. Hence this segment of investment belief is labelled as **Investment prudence**.

The third factor accounted for 8.203% of variances where three items are loaded on this factor. The variables are (i) I plan for my future. (B2-0.828) (ii) I have control over my financial requirement. (B3 - 0.727) (iii) I am responsible for my investment (B1 - 0.669)



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and these items have high correlation among each other. From these statements, it can be clearly understood that Investors herself is responsible for planning the investment, controlling over financial requirement. Hence this segment of investment belief can be labelled as **Investment planning**. The fourth factor accounted for 7.37% of variances where only one items loaded on this factor. The variables are (i) I get annoyed with people who do not plan in advance and save for their own future. (B8 – 0.895). From this statements, it is clear that Investor is responsible for the results on his investment decision and would get irritated on person who does not plan for their future. Hence this segment of investment belief can be labelled as **annoying planning**.

**Table 5 showing Factor loading, Eigen value, %age of variance and Cumulative %age of variance**

Factor	Statements	Factor Loading	Eigen Value	% of Variance	Cumulative % of Variance
Investors Self Confidence	B10.I am confident of my ability to select financial instruments for investment	.752	4.382	29.215	29.215
	B13.I have complete knowledge of available financial instruments.	.737			
	B15.I work on my own ideas without depending on others in investment planning.	.705			
	B14.I feel secured and confident because of my investments.	.667			
	B12.I am confident to manage my investment.	.654			
	B11.I am responsible for the results of my investment decisions	.589			
	B9.I am satisfied with my current financial position	.529			
	B5.Long term value creation requires effective management of capital / savings.	.839			

Factor	Statements	Factor Loading	Eigen Value	% of Variance	Cumulative % of Variance
	B4.A long time investment horizon is a responsibility and an advantage.	.742			
	B6.I will take risk only where I have a strong belief that I will be rewarded for it.	.637			
Investment Planning	B2. I plan for my future.	.828	1.230	8.203	49.796
	B3. I have control over my financial requirement.	.727			
	B1. I am responsible for my Investment	.669			
Annoying Planning	B8. I get annoyed with people who do not plan in advance and save for their own future.	.895	1.106	7.372	57.168

The table above depicts the total composition value of each factor that provides details regarding the items that constitute these four factors with the factor loadings value and Eigen values and their explained variance of each factor. The four factors accounts for 57.17% of the explained variance, which is more than 50%. The four factor solution may be recommended as factors that influence the belief on investment by the investors.

### Garrett's Ranking - Motivational Factor

Garrett's Rank technique was used to identify the significant motivational factors which influence the decision making process of the investors. Nine motivational sources were identified and were ranked by the respondents for this study. Friends / Colleagues, Internet/Websites / What's app, Financial News / Annual Reports, Market Reference, Financial Advisors, Family Members, Newspaper /Magazines, Radio /Television Advertisement and Leaflet / Phone calls / Sign Boards were considered as the source of information which motivates the investors in decision making process of choosing the investment. The table 6 below would show the details:



**Table-6 showing the source of motivation for investment decision.**

Source of Motivation	Total Score	Mean Score	Rank
Friends / Colleagues	14790	59.16	II
Internet/Websites / What's app	12083	48.33	VII
Financial News / Annual Reports	13159	52.64	III
Market Reference	12572	50.29	V
Financial Advisors	12708	50.83	IV
Family Members	15799	63.20	I
Newspaper /Magazines	12192	48.77	VI
Radio /Television Advertisement	10200	40.80	VIII
Leaflet / Phone calls / Sign Boards	8997	35.99	IX

Table - 6 above reveals the Garrett ranking results for the source of motivational factors of the respondents. It is evident that Friends / Colleagues have been ranked as first motivational factor followed by family members taking the second position. Third and fourth positions were taken by Financial News / Annual reports and financial advisors respectively. Market reference and Newspapers /Magazines have taken the fifth and sixth ranks chosen by the investors. Internet/Websites / what's app has taken the seventh position and the last two positions were taken by Radio /TV Advertisement and Leaflet / Phone calls / Sign Boards respectively.

### III. CONCLUSION

This study primarily aimed to identify those factors which have a bearing on the investment belief and the motivational factors. The four factors extracted by the researcher represents the decision making factors of the women employees working in banks. These factors are Investors self-confidence, Investment prudence, Investment planning and Annoying planning. Among the source of motivation friends and colleagues along with family members have influence in the decision making of salaried women employees working in banking sector.

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## Factors Influencing the Decision Making of Salaried Women Employees in Banking Sector

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