



VOLATILITY OF FINANCIAL MARKETS AND ITS IMPACT ON ROLE OF WOMEN

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ABSTRACT

The investments in the financial markets have lately seen a surge even by a common man. The need of the present time is that the funds get channelized towards the development of the economy. Still due to the highly volatile nature of financial markets, the retail investors have acted conservatively as regards parking their surplus funds in the stock market. This paper attempts to find out the reasons of non-investments in the financial markets by female community which constitutes almost half of the population. The flow of funds in the financial markets is ever increasing with the increase in awareness and financial literacy amongst investors but women despite their increased role in the labour market and earning capability, have not come forward in this direction. The financial markets are the backbone of any economy, unless the entire earning community contributes in this direction, the growth of any nation remains a difficult task. The study concluded that the volatile nature of financial market has discouraged women to consider it as a preferable investing avenue rather it has diverted them towards business start-ups and they are investing their funds in business ventures and are emerging as a new breed of budding entrepreneurs.

KEYWORDS : Financial Markets, Investments, Financial assets, Women Investors

INTRODUCTION

Women constitute about half of the world population, but their contribution is only around 37% on an average to their national income as per McKinsey study in 2017. Indian women have contributed only 17% to the national income which is much lesser than the global average of 37%. Gender inequality has played a major role in passive role of women in economic development. In recent years it has been observed that the trend of women participation in labor force is increasing as compared to the past and the same is good not only for their financial independence and empowerment but also for the economy of any country. Though the independence of women to invest is correlated with their access to money, financially independent women have the potential to contribute towards the economic development through funds mobilization and uplift their status in the society. But the volatility and unawareness of financial markets amongst women have kept them away from investing and even considering it as investment avenue.

Literature Review

There are various studies available on the subject, some of them are quoted here under. It has been concluded in the studies by Perrin (2007), Schmidt & Sevak (2006), Julie R. Agnew (2005), Oslan and Cox (2001) and Suden et al. (1998) that women are risk averse as compared to men and tend to invest in less risky investment avenues.

P Hemavathy et al (2015) quoted in their study that high volatility of stock markets has resulted in the disappointing behavior of new investors and has always discouraged the existing retail investors to keep themselves away from rolling their portfolios. In a study by Gerardi, K., Goette, L., & Meier, S. (2010) it was observed that due to the vested interests, the retail investors tend to take incorrect investment decisions. In a study by Gervais and Odean (2001), Barber and Odean (2001), Graham (2002), Benartzi and Thaler (2001), and Daniel and Huberman (2003) it was found that women as regards their decision relating to investments in financial markets are less confident than men. They tend to depend on their male family members for taking such decisions. Ansic & Powell (1997) observed that the females do not feel confident in investing in riskier investments avenues. Graham (2002) also concluded that women feel incompetent relating to financial issues.

Yasser Alhenawi, Khaled Elkhail (2013) analyzed in their critical study on relationship between financial planning and financial literacy, by applying statistical tool of variance analysis and regression on logistics, concluded that there is a poor co-relation between the two. In their research, authors have suggested that the financial

literacy need to be promoted and should form an integral part of the financial policies formulated by the government especially during early years of investors.

As per Spectrum High Net Worth Advisor Insights (2012), the behavior of women and their reaction towards volatile stock market was observed. The study found that women were cautious regarding investments in stock market and spending for household expenditures. In a study by Yadav Sameer (2017) observed that though despite volatile nature of stock market, it is the most suitable investment avenue for the common man as it diversifies the investment risk at least cost, when managed by professionals and offers highest returns.

As per the reports of the Boston Consulting Group, 2018, lately the global gender gap is gradually narrowing, and more women are coming forward and doing their bit to enhance the GDP of their country. This decreasing gender gap in terms of work has a far-reaching effect on the economy of any country. If the world continues to progress towards the gender parity in labour force, then by the year 2025, \$12 trillion could be added to the annual global GDP which is almost at par with the GDP of United Kingdom, Japan and Germany collectively. Between 2014 to 2025, the contribution of women is estimated to become two-fold towards the growth of the GDP. A higher growth of 10% in GDP can be achieved only with the increased involvement of women in economic activities of their countries. The highest boost is estimated to be seen in Latin America and India by 2025 GDP projection only with a little change in work force and more active participation of females in economic activities which not only empowers them but gives them more autonomy.

Need for the Study

As the stock market is the backbone of any economy, there is a need to channelize the funds through the medium of financial markets for the purpose of the growth of the nation and its people. It has been observed that the women having the liberty of decision making, act as agents of the socio-economic growth of the country. It has been rightly quoted by Mary Ellen Iskenderian, CEO and president, Women's World Banking President (Dec. 2015) that easy accessibility of money by women will boost the economy of that country and will also lead to empowering the women. Eventually the economy of the country will automatically get strengthened. As has been observed and substantiated by various researchers in their studies that women participation in the stock market is very meagre and they resist themselves in such investment avenues. Hence there is a need to encourage women who have the potential to invest in the stock market and educate them about the financial market volatility and

the ways of dealing with it so that they can take advantage out of it towards the maximization of their return.

Scope of the Study

The objective behind any research undertaken is the societal progress and providing the solutions to the problems so that the hinderances in the growth of any society can be minimized and removed. The study aims to mobilize the funds of the retail investors who have the potential to infuse capital in the equity market. The study aims to enrich equity market through increased participation of females. The promotion of investment habits will lead to reinforcement of Indian capital market. The research is based on the earning female investors in the age group of 20 to 55 years in Delhi NCR region. The study also targeted financial institutions, professionals, consultants and government.

Objectives of the study

The objective of the study is to understand the volatility of the stock market and how it impacts the role of women in the financial markets.

Research Methodology

The research methodology adopted is empirical research through primary data collection. The sample is collected through simple random sampling method. The responses were collected through questionnaire and survey method from female investors. The data is collected from the working women in Delhi NCR regions. The method adopted for collection of responses was online survey and in some cases through direct interview of the respondents. The sample selected had 110 female respondents and the data was collected from women working in and around Delhi region.

Data Analysis

The data has been analyzed using SPSS-17 for the purpose of finding the effect of volatility of equity market on the investment patterns and how it impacts the behavior of women while taking decisions relating to investment and parking their surplus funds in the equity market. The statistical tool used for the analysis is t-test and ANOVA to form an opinion regarding the impact on women behavior towards investment in equity market.

Findings and Interpretations

The 110 respondents who were selected for the collection of the data, 18 were rejected on account of incomplete information. Out of the rest 92 respondents, it was found that majority of them were skeptical towards investing in the equity market. The respondents who were found to be investing in stock market had the objective of increasing their capital. Eleven respondents had reservation towards investment in equity market on account of insufficient returns from the financial markets. The fear of erosion of capital kept 26 respondents away from stock market, 12 of them invested for capital gains and to earn returns in the form of dividend. Retirement planning was the objective of 6 investors, 10 of them were not convinced due to dissatisfactory market regulators and 32 respondents kept themselves away from financial markets due to lack of knowledge of financial markets.

The table below shows the relationship of demographic variables on financial planning, financial risk and investment choice of investors.

Demographic variables	Source	Sum of squares	df	Mean square	F	Sig. level
Age group	Between Groups	43.42549	4	10.85637	12.33012	.005
	Within groups	402.3775	457	0.880476		
	Total	445.803	461			
Annual Income	Between Groups	53.55094	4	13.38774	12.51366	.005
	Within groups					

	Within groups	491.0611	459	1.06985		
	Total	544.6121	463			
Education	Between Groups	35.83757	4	8.959392	9.472129	.005
	Within groups	434.1538	459	0.945869		
	Total	469.9914	463			
Marital Status	Between Groups	24.2356	4	7.54362	8.454566	.005
	Within groups	523.7654	451	2.54789		
	Total	548.001	455			

The statistical tools of ANOVA and t-test analyzed the data and it was concluded that the demographic variables like age, annual income, education and marital status of women affect the decisions relating to investment in stock market. The factors like financial planning, financial risk and investment choice decisions of the investors also get affected. It was observed that the women invest with various objectives like capital gains, returns, retirement planning and future financial security. The results of the study revealed the impact of age (with F=12.33 and p=.005), annual income (with F= 12.51 and p=.005) education (with F= 9.472 and p= .005) and marital status (with F= 8.454 and p= .005) has a relationship with resistance to equity market investments amongst women.

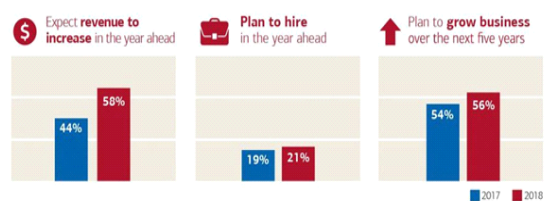
The study also suggested that financially independent women are preferring business ventures as more lucrative avenue for gaining returns rather than investing in a volatile equity market and are moving towards becoming entrepreneurs.

CONCLUSION

Though the volatility and uncertainty of equity market being an inevitable feature of financial market, has kept many potential women investors away from it but at the same time has diverted them towards investing their funds in business ventures and launching their own start-ups. The government is also facilitating their efforts by providing various women oriented schemes with the objective of inclusive growth and economic development.

When a country moves towards the path of economic development it not only enables to close the gap of gender inequality but also lets it grow in terms of education level, digital and financial inclusion, legal protection and unpaid care work. Women participation has lately shown significant improvement in accelerating the growth of the economy.

As per the study of Bank of America (2018), it has been observed that more and more women are coming forward as entrepreneur and are adopting digital technologies and solutions at higher rate that shows their optimism about the future of the economy. The study also reported that the past decade has seen a surge of women entrepreneur because of simplified business environment for them. They are launching small businesses and succeeding in start-ups. The report also suggests that women are highly optimistic about the prospects of business revenue in future to 58% from 44% in 2017. They are expecting to generate more employment in the future and increasing it to 21% in 2018 from 19% in 2017 and the probability of growth in business in the next five years to 56% in 2018 from 54% in previous year.



Women entrepreneur expectation relating to growth in revenue, staffing and business growth in 2018. Source Bank of America 2018.

The optimistic thinking of women has seen an upward surge in the economy. The same is being substantiated by Sharon Miller, head of the Bank of America, who based on the study reports, enunciated that despite disparities still existing in the earnings by women, business ownership is the right solution of gaining equality with men and occupying the executive roles. The belief of women that continual innovation and its adoption is the key to move forward and succeed in business.

To promote women participation in building strong economy, Government of India has taken various initiatives in financially backing and promoting small and medium businesses owned by women which are helping them in growing their ventures which eventually is promoting industrialization of the country. Though gender blind financing fills the gap of government programs, micro loans or angel investors or mentoring but is not adopted by many countries. The access to business funding by women is the key aim of the government schemes which is one of the most challenging issue to the path of ownership of business by women. Such schemes offer specialized financing to women and women friendly terms and conditions which has resulted in the jumpstart by women in the start-up ecosystem of India. Women are even quitting their high-profile job and joining the entrepreneurship world in India. Some of the Government schemes to promote business ownership by women are Bhartiya Mahila Bank which focused on loans to under privileged women and is now merged with State Bank of India. Another scheme is Annapurna scheme to promote women in food business, Stree Shakti to boost the businesses by women is an entrepreneurship development program. Orient Mahila Vikas Yojna, Dena Shakti Scheme, Udyogini scheme, Mudra Yojna scheme for women are some of the small business promotional schemes for women initiated by the Government of India which has shown startling results and has given a boost to the budding women entrepreneurs in fulfilling their aspirations and an impetus to the growth of our economy.

To gain financial independence women have started investing in financial markets as well. As their financial awareness is increasing, they are also diversifying their portfolio of investments thereby channelizing their savings and creating new income streams to secure their future financially.

India is continuously witnessing emergence of successful women entrepreneurs like Indira Nooyi, Ekta Kapoor, Shikha Sharma, Naina Lal Kidwai to name a few. These women have contributed significantly in shaping Indian economy and are acting as role models for other women who are budding entrepreneurs who can empower themselves by turning their dreams into reality.

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