



Women's economic empowerment and financial decisions: Observations and perceptions

KEYWORDS

avoidance, Economic Rationality, education on economic opportunity, women empowerment, women equality, economic success

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ABSTRACT *Women's economic empowerment relates to availability of resources to women and also providing them opportunities of their application in such ways which lead to economic success. Higher access to education, higher participation in decision making and skill development can improve the condition and quality of life of women to a great extent. The status of women in the society began to fall since the end of the 18th century as the primary focus of tribal and social set ups all across India were expansion, hoarding and wars. Late 19th century the condition of women further deteriorated. Women folk were treated as objects and with the Mughals advent in India women became totally dependent on their family for economic support. Education and financial status of females became so weak that they could not even think of an independent career or an independent life. By the end of 20th century due to the policy of education to all tremendous improvement in general condition of women was seen. A common behavior pattern was observed wherein women avoided financial decision independently, which inspired this research. The best way of empowering women is developing their skills and educating them about the benefits of participation in financial decision making especially investment. Sustainable business, empowered by smart investment by women folk and its impact on economic growth are dealt in this paper. This study concluded that women financial empowerment resulted in overcoming social inequality.*

Introduction

The contribution of women in world's economy is significant. Numerous studies in the past suggest that higher access to education and skill development by women reduces the likelihood of household poverty and also improves the living conditions of their family. When resources are provided in women's hand it has a positive impact on human capital and enhances the household capabilities (Quisumbing, 2003; WDR 2012; Kabeer, 2003; Dwyer and Bruce, 1988). Thus it ensures that when the participation of women in the growth process is enhanced, it improves distributional dynamics of economic resources within household and certainly contributes to inclusive growth that means equal opportunities to all sections of the population. Barriers to entering the workforce and inability of participation in the economy productively, about one billion women are not able to achieve their full economic potential and their own well-being. Economic growth can be achieved only when the barriers to education and employment for women are removed in the growth process. Economic empowerment alleviates the social status of women in the society. Financial independence equips women to gain self-reliance and overcome their own exploitation. It also develops their ability to participate in decision making and increases their self-confidence, increased role in household and eventually better status in the society.

Significance of the Study

Financially independent, women are more capable of saving and investing. Thus awareness needs to be created amongst women with respect to the need and significance of investment so that they get their status improved in the society. As the level of knowledge is increasing women are becoming more inclined towards analysis of return and risk factor before investing. When it comes to investment,

all individuals behave differently. As per a study in United States it was found that women tend to be less confident with regards to their investing abilities. They are also less impulsive while taking decisions and exercising their preference with regards to investment as they are safe players. Women tend to strike a balance between risk and return in their investment, they focus on stable income. Through this research an attempt has been made to find what factors influence their investment.

Review of Literature

There is evidence from past studies that women are less confident when the domain is more male oriented (Beyer and Bowden, 1997).

As per one of the researcher there is significant difference between teaching position, education, and age across the annual income levels from academics' perspective. Through this survey it was found that academics exhibited positive attitude towards money and income considered to be the prime motivator (Lai, Lai and Lau 2009).

In 2010 a research was conducted of the factors that influenced the investment risk tolerance and decision making process on the basis of gender and age in India. In this study a sample of 196 investors working in the government and private sectors in India was taken and the data was analyzed by adopting statistical tools such as regression analysis and factor analysis. Through this study it was found that the investor's age and gender affected risk taking capacity of the investors. (Kabra et al., 2010)

Few researchers found that participants have a fairly good understanding of the basic mechanics of the plan but they

have insufficient knowledge to differentiate among numerous investment options. Women have low knowledge, income, and education compared with men. This study pointed that the older participants are more likely to make personal contributions. However, education is perhaps the most significant determinant of financial literacy (Dvorak and Hanley 2010).

Duflo (2011) found that although economic development and women's empowerment are closely correlated, the connections between the two are too weak to expect that pulling one lever will automatically pull the other.

Bhardwaj Rajesh, RahejaRekh and Priyanka (2011), examine "Analysis of Income and Savings Pattern of Government and Private Senior Secondary School Teachers." The study concluded that the major source of income of Government teachers is salary while tuition fee for private teachers. Mostly Government & Private teachers both used Bank Deposits and Life Insurance for investing their savings. Government school teachers received more perks in comparison to private teachers. The main objective of savings of Government teachers is an emergency and security while for private teachers is children's education and purchase of consumer durable.

To identify the factors influencing investor's behavior in Punjab, few researchers conducted a study on 275 investors living in Jalandhar by adopting correlation analysis and independent sample t-test. They found that neutral information, accounting information, self-image/firm-image coincidence; classical wealth maximization criteria, social relevance, advocate recommendation and personal financial needs were found to influence individual investor behavior in Punjab.

Economic Rationality

"Without financial Independence, women cannot defend their rights. They cannot be independent."

-Penda Ndiaye, cofounder of Union des Groupements-Partenaires du Radi and CESO partner.

The economic rationality plays a significant role in empowering women economically. This can be achieved when equal opportunities are available to women with respect to education and job. When women are economically empowered they can contribute to the growth process of economy. The capacity of women to participate and influence economic development processes gets blocked by unequal power relations. Gender inequalities eventually lead to underdevelopment hence a focus is required on the nature of changes required for promotion of this capacity of women. The process of economic empowerment involves availability of resources and opportunities to women. Productive resources include financial resources which range from accumulated wealth, income; credit and physical resources range from land, building, housing etc. and other assets like skills, technical expertise and position in society. But availability of these resources is not the only task which completes the contribution of women in growth process; they should also have the independence of using such resources at their discretion. Only then we can expect the valuable and useful outcomes. The contribution to economic growth equally lies on both men and women but women get relatively lower chances of such contribution. Women have to face obstacles in every sphere of work.

Women perform majority of unpaid care work. This area requires more attention for development purposes. In the past decades the lives of women have transformed radically due to significant changes in the social, economic and demographic sectors.

As in today's times the economic role of women has changed and it has led to their changing family life. Due to medical advancement and awareness amongst women, lower birth rates, rise in the number of divorces and separations and growth of common-law marriages, the financial responsibilities of women have changed and increased as compared to past generations.

Risk Avoidance

Women tend to avoid risk and that gets reflected in their choice of investment. Women also lag behind in the awareness and knowledge relating to investments. They are averse to risk as they are more focused on the return and want a balance between return and risk in the investment. They are conservative in their approach while making selection of the choice of investments. Also women prior to their marriage are guided by their father or guardian and post marriage by their husbands. As women are less confident the study is guided by the behavior of women which affects their investment choice decision. Due to this tendency of risk avoidance women prefer to choose safer investments like investment in traditional assets like gold, fixed deposits etc. Hence awareness needs to be created among women especially the ones who are economically independent, regarding the benefits of investment so that their own condition and status can be improved and eventually the investments by women will ensure economic development of the country.

Objective of the study

To study the impact of marital status and age factor on the pattern of investment by women and their effect on the selection of investment avenues.

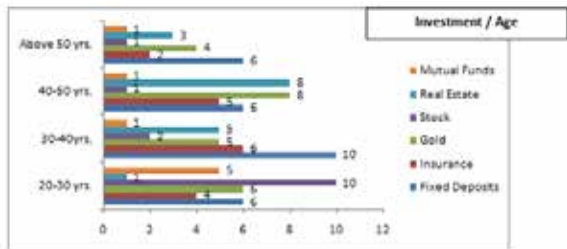
Research Methodology

Primary data is collected from the population using convenient sampling technique through questionnaire. The data is analyzed. The variables considered for analysis are age and marital status to study their impact on the pattern of investment by women.

Empowerment through economic equality

Table: 1 Age and Investment avenues classification of respondents

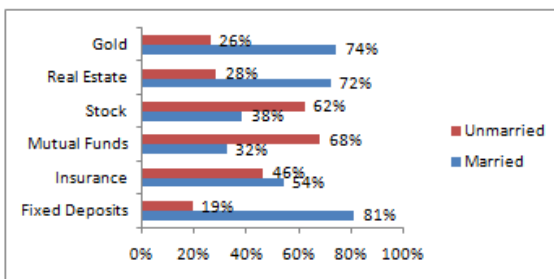
Investment / Age	20-30 yrs.	30-40 yrs.	40-50 yrs.	Above 50 yrs.	Total
Fixed Deposits	6	10	6	6	33
Insurance	4	6	5	2	18
Gold	6	5	8	4	23
Stock	10	2	1	1	11
Real Estate	1	5	8	3	17
Mutual Funds	5	1	1	1	5
Total	32	29	17	17	107



It has been observed that the younger women in the age group of 20-30 years are open to take risk and they invest more in riskier investments like stocks, mutual funds insurance etc. On the other hand older women who are above 30 years are averse to risk and prefer to make investments in less riskier investments like fixed deposits, gold and real estate. They also look for fixed and guaranteed returns on their investments and as a result end up investing in traditional assets.

Table: 2 Marital status and different investment avenues

Marital status/ Investment avenues	Fixed Deposits	Insurance	Mutual Funds	Stock	Real Estate	Gold
Married	86 (81%)	58 (54%)	34 (32%)	40 (38%)	77 (72%)	79 (74%)
Unmarried	21 (19%)	49 (46%)	73 (68%)	67 (62%)	30 (28%)	28 (26%)



It has also been observed and is very clearly indicated from the table and graph above that the married women

are more focused towards a balance between risk and return on their investments as they prefer to play safe. Unmarried women due to lesser responsibilities and being younger in age are more open to riskier investments and they prefer to invest more in non-traditional assets like stocks and mutual funds. It is observed that around 68% of unmarried women prefer to invest in risky propositions like mutual funds and stocks as they are more literate in terms of financial investments and are ready to take risk.

Conclusion & Suggestions

Empowering women with economic opportunity, educating them to the benefits of investment is not only the right thing to do but it is the smartest thing to do. Sustainable business, powered by smart investment by women folk will result in higher economic development. The study also concluded that older women prefer to make investments in less riskier investment as compared to younger and unmarried women. As per the choice of investment avenues, it is suggested that bankers and government should introduce such schemes which are age appropriate and are for women that would encourage them to invest more in their choicest investments so that more funds can be acquired from women community for the purpose of mobilization and growth of economy.

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