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AN ANALYSIS OF FACTORS INFLUENCING INVESTMENT PATTERNS AND PREFERENCES AMONG SALARIED WOMEN IN ERNAKULAM CITY

Shilpa Sivan[1], Dr. Madhu Druvakumar[2]
[1]23MCOM42, M.Com Student, Kristu Jayanti College
[2]Faculty, Department of Commerce PG, Kristu Jayanti College (Autonomous), Bangalore – 560077

ABSTRACT

This study explores the investment preferences and challenges of salaried women in Ernakulam city, highlighting key factors influencing their financial decisions. Returns, safety of capital, tax benefits, and liquidity emerge as primary determinants of investment choices, while barriers such as fear of loss, market volatility, insufficient income, and lack of financial knowledge hinder active investment participation. Women prioritize financial security and risk aversion, often favouring low-risk investments over high-return options due to uncertainty and limited awareness. To bridge these gaps, financial institutions should develop tailored investment products that align with varying risk profiles and promote structured plans like Systematic Investment Plans (SIPs) to encourage systematic and risk-free investing. Financial counselling can help women overcome psychological barriers, increase confidence in investment decisions, and improve risk perception. Additionally, government policies should introduce tax incentives for long-term investments, making wealth-building more accessible for women. Investment awareness programs and social media campaigns can play a significant role in educating women about financial opportunities and risks, enabling informed decision-making. By implementing these strategies, financial institutions, policymakers, and educators can collectively support women's financial empowerment, promoting long-term economic stability and greater financial independence.

II. INTRODUCTION

Purchasing a financial instrument or other asset with anticipated future returns is known as investing. There are many options for investors to park their assets, and investing is a serious subject that may significantly affect their future well-being. Each of these investor outlets has a different risk and return profile. Even if the investor does not choose specific assets, such stocks, the investment can still be made by buying a house or life insurance, or by joining a pension plan and saving the employee's scheduled amount. There are several investment options in India, some of which are liquid and marketable, some of which are not, some of which are extremely dangerous, and others of which are almost risk-free. Depending on their specific requirements, risk tolerance, and expected profits, investors must select the best course of action.

Throughout India, women make up about half of the population as a whole. Although women's population is nearly equal to their male counterparts, men are still making overall economic decisions. In older days, only domestic works and decisions were limited to women. But this situation is changing as women become more informed because they are educated and working. This has been the most encouraging thing.

Employed women currently have greater prosperity in India's urban and rural areas to save and spend their independent earnings. In fact, they are motivated to make contributions by their working colleagues. Investments by women are primarily for their future safety and education of children. The above are the main reasons for women to make financial investments in rural areas, women invest in urban areas to become wealthier and lead a better lifestyle. Women's involvement while making financial decisions can lead to some stability in family finances as they are better communicators than men. This will help convince other family members and friends to make these financial investments as well.

Women in India are part of all industries, such as education, politics, media, science and technology, and so on. There are many women who rule many issues and thrive in leading roles, such as general managers, chief executives, administrators, managers, and others, such as in small middle classes, working women are the ones who actually save for their families. Employed women have the quality to effectively and efficiently manage their money. Over time, their thought and attitude towards financial investment is shifting and growing. It is therefore important to research the attitude of women working towards financial investments that will aid in the overall growth of the Indian economy in the long term.

III. REVIEW OF LITERATURE

Sushmitha and Jayabal (2023): The study examined the factors that impact investment satisfaction among women investors in Chennai. Since individual opinions vary and each investment avenue has distinct features, assessing satisfaction levels proved to be a challenge. To analyze the data effectively, researchers employed statistical tools such as factor analysis, linear multiple regression analysis, and one-way analysis of variance. The findings highlight the relationship between demographic characteristics and investment choices, emphasizing their role in shaping overall investment satisfaction. The study concludes that a female investor's level of satisfaction is significantly influenced by both her

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demographic profile and the specific details of her investment choices.

2. Ammer& Aldhyani (2022): The study aimed to assess investment awareness among the young Saudi population and explore the relationship between various factors, including financial literacy, spending habits, self-control, saving behavior, attitude toward risk, and family financial socialization. The research analyzed responses from 409 participants and found that a significant portion of Saudi Arabia's population consists of youth. The findings indicate that financial literacy, self-control, saving behavior, and family financial socialization positively influence investment awareness, contributing to sound financial decision-making. Additionally, financial self-control plays a crucial role in limiting excessive spending while encouraging savings and investments, ultimately fostering responsible financial behavior among young individuals.

3. Bhat et al. (2021): The study analysed the impact of demographic variables on the investment behaviour of University teachers. The university teachers of Karnataka and Rajasthan are the population for the study. Using stratified sampling, 700 samples were drawn and data was collected through a structural questionnaire. Factor analysis, t-test and ANOVA were used for data analysis. Among the demographic factors, age and designation do not impact investment decisions, but Income level and family size impact. It is noticed that females have more perceived self imagery than males. Males have more financial inadequacy than females. It was discovered that teachers' self-image, loyalty and self-confidence are higher in the teachers working in the technical department.

4. Harini and Savithri (2021): The study is on the investment behaviour of working women with reference to Chennai city by taking 120 samples. Research tools factor analysis and ANOVA were incorporated for data analysis. The study revealed that there is a highest preference towards bank deposits, gold, post office schemes and insurance; high risk are noticed towards shares, real estate and chit funds. The major finding of the study is that the investment plans of women are highly influenced by their annual income.

5. Ainia and Lutfi (2019): The researcher examined the effect of risk perception, risk tolerance, over confidence and loss aversion towards investment decision of workers in Surabaya and Jombang, East Java with 400 respondents. Structural equation model employed for analysing the data. It is clear that workers allocation of funds to high-risk assets decreases as their level of risk perception increases. But their ability to allocate money to high-risk assets increases with the level of risk tolerance. In addition, the higher the level of confidence leads to the higher the opportunity to allocate funds in high-risk assets.

IV. RESEARCH METHODOLOGY

Research Gap

The above review shows how the working women analysis and determine the investment behaviour and their investment preference in various investment avenues, the study have conducted in various other geographical area but, they fail to have a study in Ernakulam city. Thus the study looks into the behaviour of working women in Ernakulam city towards various investment avenues.

Statement of the Problem

Earlier men were the employed and the financial decisions were taken by them. Whereas, women were limited to stay within their homes and hence not involved in taking financial decisions. Education and employment has largely increased the awareness among women. Now-a-days, some women are independent to take financial decisions about investing their money, whereas some take these financial decisions along with the male members of the family like their husband, father and brothers. Therefore the study intends to know the awareness of salaried women towards various investments avenues

Objective of the Study

To study the factors affecting investment pattern and preferences of salaried women.

Data Collection Methods

In this study, primary data is collected through questionnaire which will be filled by 150 respondents, and secondary data is collected from various articles and books.

Sampling

Population: The population in this study includes female salaried women from Ernakulam city.
Sample Size: 104 respondents.

Research Instrument

Questionnaire: A questionnaire is a research tool that includes a series of questions aimed to collect data from participants for a survey or statistical analysis.

Sampling Type

This study uses non-probability sample, not every person has an equal chance of being included because they are chosen using non-random criteria. For the study, the Convenience Sampling approach has been applied from the several non-probability sampling techniques. A convenience sample consists of the people who are most convenient for the researcher

Area of Study

This study focuses on analysing the investment behaviour and preferences of salaried women in Ernakulam, assessing their awareness of various investment avenues, and examining the factors influencing their financial decision-making.

Scope of the Study

The scope of study is an important element which is responsible for any researcher to consider. It is very much necessary to known what is the scope of the study and how much does it cover. This study has been mainly focusing on the salaried women investors in Ernakulam city, as other income group of investors are not considered for this study.

Limitation of the study

- The study is liable to the respondents' opinions and biases. Therefore, one cannot assume 100% accuracy.

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- The use of non-probability sampling techniques increases the risk of both selection and sampling bias.
- The geographic area of study is restricted to Ernakulam city.

V. ANALYSIS AND INTERPRETATION

Inferential Statistics

Inferential statistics uses the sample data to make conclusions about a large population. It analyses a random sample to understand the population's characteristics, using probability theory to quantify uncertainty. It includes major aspects like confidence intervals, hypothesis testing, regression analysis and correlation, which help evaluate relationships between variables and assess the reliability of results.

Factor Analysis

Factor analysis is a statistical technique used to identify underlying relationships between multiple variables and group them into a smaller set of factors. It helps in understanding patterns in large datasets by reducing the number of observed variables into a few meaningful dimensions.

Table 5.1 Factor analysis between factors influencing investment decision

Communalities		
	Initial	Extraction
Returns	1.000	1.000
Safety of Capital	1.000	1.000
Tax Benefits	1.000	1.000
Liquidity	1.000	1.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.528	38.196	38.196	1.528	38.196	38.196	1.511	37.778	37.778
2	1.296	32.406	70.603	1.296	32.406	70.603	1.282	32.042	69.820
3	1.176	29.397	100.000	1.176	29.397	100.000	1.207	30.180	100.000
4	-1.558	-3.894	100.000						

Component Matrix[a]			
	Component		
	1	2	3
Returns	.777	-.616	-.131
Safety of Capital	.161	.824	-.543
Tax Benefits	-.941	-.325	-.093
Liquidity	.110	.364	.925

Inference: Factor analysis identifies key factors influencing salaried women's investment preferences, with returns, safety, tax benefits, and liquidity being the most significant. Three principal components explain 100% of the variance, with returns (0.777) driving Component 1, safety of capital (0.824) in Component 2, and liquidity (0.925) in Component 3. High communalities (1.000) indicate strong representation. The findings highlight that salaried women prioritize risk aversion, tax benefits, and financial security, guiding better investment strategies tailored to their needs.

Table 5.2 Factor analysis between challenges that prevents investing more

Communalities		
	Initial	Extraction
Lack of knowledge	1.000	1.000
Fear of loss	1.000	1.000
Insufficient income	1.000	1.000
Market Volatality	1.000	1.000
Others	1.000	1.000

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Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.630	32.595	32.595	1.630	32.595	32.595	1.625	32.492	32.492
2	1.254	25.086	57.681	1.254	25.086	57.681	1.235	24.697	57.189
3	1.103	22.069	79.749	1.103	22.069	79.749	1.125	22.499	79.689
4	1.013	20.251	100.000	1.013	20.251	100.000	1.016	20.311	100.000
5	5.871	1.174	100.000						

Component Matrix[a]				
	Component			
	1	**2**	**3**	**4**
Lack of knowledge	.053	.319	.939	-.121
Fear of loss	.866	-.486	-.115	-.041
Insufficient income	-.932	-.347	-.094	-.035
Market Volatality	.089	.889	-.442	-.078
Others	.016	.076	.072	.994

Factor analysis identifies key challenges affecting salaried women's investment decisions, including lack of knowledge, fear of loss, insufficient income, and market volatility. Four components explain 100% variance, with fear of loss (0.866) and insufficient income (-0.932) in Component 1, market volatility (0.889) in Component 2, lack of knowledge (0.939) in Component 3, and other concerns (0.994) in Component 4. The findings highlight the importance of financial literacy, risk perception, and economic stability in shaping investment behaviour.

VI. FINDINGS, SUGGESTIONS AND CONCLUSIONS

Findings

- Factor analysis showed that returns (loading 0.777) and safety of capital (0.824) are primary determinants of investment choices.
- The analysis highlighted that fear of loss (0.866) and market volatility (0.889) prevent many salaried women from exploring high-return investments.
- Insufficient income (-0.932) emerged as a key barrier, as many women prioritize essential expenses over investments.
- Factor analysis showed that tax benefits (-0.941) significantly affect investment decisions, suggesting that tax-saving options are a major motivator.

Suggestions

- Financial institutions should design investment products tailored to different risk profiles, ensuring that investors can choose options that align with their risk tolerance.
- Structured, low-risk investment plans, such as Systematic Investment Plans (SIPs), should be promoted to attract risk-averse women and encourage consistent investing.
- Financial counselling should address psychological barriers by helping women overcome their fear of market volatility and build confidence in investing.
- Government policies should provide tax incentives for long-term investments, encouraging more women to participate in wealth-building opportunities.
- Investment awareness should be promoted through social media campaigns that clearly explain the risks and benefits of various investment options.

Conclusions

The study highlights that salaried women's investment decisions are influenced by factors such as returns, safety, tax benefits, and liquidity, while fear of loss, market volatility, insufficient income, and lack of knowledge act as major barriers. Women tend to prioritize financial security and risk aversion, often avoiding high-return investments due to uncertainty and limited financial knowledge. Additionally, tax benefits play a crucial role in shaping their investment preferences, indicating the need for more tax-saving options.To bridge these gaps, financial institutions should design tailored investment products that cater to different risk profiles and promote structured, low-risk investment plans like SIPs to encourage systematic investing. Financial counselling can help women overcome psychological barriers and develop confidence in financial decision-making.Additionally, government policies should introduce tax incentives to encourage long-term investments, providing women with more opportunities for wealth accumulation. Financial awareness programs and social media campaigns can play a significant role in educating women about investment risks and benefits, helping them make informed financial choices. By implementing these strategies, financial institutions, policymakers, and educators can collectively empower women, promoting greater financial independence and long-term economic security.

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