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**Decision- Making Process in Savings and Investments of Salaried Women: An  
Empirical Evaluation**

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**Abstract**

In a society like ours which is controlled by traditions and norms, an increased participation of women in family decision making process or decision-making by self on various family matters would give more empowerment for women in determining the extent of savings and investments for secured future life. The positive attitude towards savings and investments of the women also help them to arrive at conclusive decisions about making investments and savings in various forms for future life. Hence, an attempt is made in this article to empirically analyze the status of decision- making and attitude towards savings and investments among the respondents (salaried women in the sample).

**Keywords: controlled, decision making, empowerment, determining, investments**

**I- Introduction**

The high growth figures of 8 to 9 percent of Indian economy depend basically on high rates of savings and capital formation. It is remarkable that India could reach a saving rate of 33 percent of its GDP of which 70 percent comes from household savings, 20 percent from private corporate sector and the remaining 10 percent from public sector undertakings. Household savings in the country is all due to women as it is part of the culture of the Indian society to save. Being conservative in nature, women always maintain their own source of money called “siruvadhu” in Tamil language in which she fulfills her unexpected financial commitments of her

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family. An interest towards understanding of how do women take investment decisions motivated the author to perform the following study.

## II- Review of Literature

The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102-3777. PRU, Prudential, Prudential Financial, survey year 2011. The survey comes with some important findings. Women are optimistic about the nation's economic recovery and have some degree of confidence they will achieve their financial goals, although they recognize they may need to work longer than anticipated. Although many women still do not have financial plans in place to achieve their goals, events of the last two years have clearly been a learning experience. Women are planning to exercise greater caution and control over their finances as they look to the future.

**Kabra, Mishra and Dash (2010)** have studied the factors effecting investment behaviour and found that investors' age and gender are the main factors which decide the risk-taking capacity of investors. Aged people prefer less risky investment and the young people were ready to take risk to earn more income.

**Clifford and Anbarasu (2008)** have conducted a study with the objective of finding factors influencing savings and to study the contribution of insurance to savings. The Study reveals that educational qualification plays an important role in influencing the saving pattern.



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Awareness of investment return and investment avenues is very poor. People feel that insurance is only for the purpose of risk and tax.

### **III- Objective of the Study**

To study and analyze the investment decision making process of salaried women

### **IV- Research Methodology**

Descriptive research design is followed with a random sample of 500 women respondents. Primary data were collected by using questionnaire and secondary data were collected from available literature. The study area limits to Coimbatore city

### **V- DECISION-MAKING PROCESS: PERSPECTIVE OF SALARIED WOMEN**

The perception of the salaried women in the sample about their involvement in decision-making process in the families is measured using a 5-point scale with 10 items (statements pertaining to decision-making process). The measurement value for each item in the scale varies from 1 for strongly disagree, 2 for disagree, 3 for neutral (neither disagree nor agree), 4 for agree and 5 for strongly agree. The internal consistency (reliability and validity) of the items in the scale is evaluated by a parameter called Cranach's alpha coefficient produced by reliability / item analysis in SPSS.

The reliability / item analysis calculates 'item to total correlation' and 'alpha if deleted' for each item in the scale along with 'overall Cranach's alpha coefficient' for entire scale items. The

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Cranach's alpha coefficient is a widely used measure to find out the reliability and consistency of items in the scale.

According to George and Mallery (2003), the followings are the rule of thumb: “> 0.90 – Excellent, > 0.80 – Good, > 0.70 – Acceptable”. The cut-off value for item to total correlation is 0.30 and above, and alpha if deleted value should be less than overall Cranach's alpha coefficient for any item to be retained in the scale. The results of reliability / item analysis of scale items measuring decision-making process of salaried women in the sample are shown in Table No.01.

**Table No.01**

**Reliability / Item Analysis of Scale Items Measuring**

**Decision-Making Process of Respondents (Salaried Women)**

<b>Item No.</b>	<b>Measurement Items</b>	<b>Item to Total Correlation</b>	<b>Alpha if Deleted</b>
1	I enjoy making decisions	0.4233	0.7437
2	I have complete confidence when making decisions	0.4705	0.7371

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3	I would like to consult my husband and family members before making decisions	0.4690	0.7375
4	I stick by my decisions whatever it may be	0.3906	0.7479
5	I tend to remain calm when I have to make decisions very quickly	0.3561	0.7524
6	I always feel that i am in control of things	0.4271	0.7429
7	Most often my decision is governed by my ideals regardless of practical difficulties	0.4673	0.7376
8	I tend to make decisions without considering all of the implications	0.3956	0.7474
9	I am the one who change the mind about things	0.4604	0.7382
10	I will take the safe option if there is one	0.3992	0.7467
Cronbach's Alpha Coefficient		0.7628	

Source: Primary Data

## INTERPRETATION

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As shown in the above table, the item to total correlation for all 10 items in the scale is more than the cutoff value of 0.30 (ranging between 0.3561 for item 5 and 0.4705 for item 2). This reveals that all 10 items in the scale are internally consistent with each other. Further, “the alpha if deleted” values for all scale items have also satisfied the required norm of less than overall Cronbach’s value. Here, “the alpha if deleted” value between 0.7371 and 0.7479 for all 10 items is less than overall Cronbach’s alpha value of 0.7628, this is at acceptable level.

Therefore, it is concluded that the 10-item scale used in the present study for measuring decision-making process of salaried women in the study region is valid and internally consistent with each other. Hence, the data collected using this scale is reliable for further analysis.

The respondents’ perception data on their decision-making process are subjected to principle component factor analysis to ascertain whether the decision-making process of salaried women is uni-dimensional or multi-dimensional. That is, this technique is used to group correlated items into a common factor. There will be 10 possible common factors underlying the data but only the factors that account for variance more than its own variance are considered as valid factor for representing the original data. This is ascertained by a parameter called eigenvalue. The eigenvalue is nothing but the variance explained by the factor in the actual data set. If eigenvalue for a factor is above one, then the factor is considered as major factor underlying the data.

Table No.02 is reported with the eigenvalue and per cent of total variance for each factor underlying the data along with cumulative per cent of total variance. As reported in the table,

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there are three factors (first three factors) satisfying the eigenvalue norm of above one and these three factors together account for 65.15 per cent of variance in the original data. Out of three valid factors, variance explained in the original data is 32.10 per cent, 19.71 per cent and 13.33 before varimax rotation; and 22.64 per cent, 23.85 per cent and 18.65 per cent after varimax rotation by first, second and third factor respectively.

Table No.2

Eigen value of Factors Underlying Decision-Making Process of Respondent (Salaried Women)

Factor	Unrotated Component			Rotated Component		
	Eigenvalue	% of Total Variance	Cumulative % of Total Variance	Eigenvalue	% of Total Variance	Cumulative % of Total Variance
1	3.2103	32.10	32.10	2.2640	22.64	22.64
2	1.9710	19.71	51.81	2.3855	23.85	46.49
3	1.3333	13.33	65.15	1.8652	18.65	65.15



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4	0.7827	7.83	72.97			
5	0.6691	6.69	79.66			
6	0.5821	5.82	85.48			
7	0.4159	4.16	89.64			
8	0.3779	3.78	93.42			
9	0.3631	3.63	97.05			
10	0.2946	2.95	100.00			

Source: Primary Data

**INTERPRETATION**

With this picture, it is understood that the decision-making process of salaried women comprises three major components and hence multi-dimensional. To ascertain which factor accounts for characteristics of which items in the scale, i.e. which one among 10 items belongs to which one of three valid factors, the factor loadings, i.e. correlation between each valid factor and scale items produced by the factor analysis are used.

Table No.03 presents the factor loadings for all items in the scale measuring decision-making process of salaried women with each one of three valid factors.

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**Table No.03**

**Loadings of Scale Items with Valid Factors Underlying Decision-Making Process of Respondents (Salaried Women)**

Item No	Item Description	Valid Factor		
		1	2	3
1	I enjoy making decisions	<b>0.8492</b>	0.0330	0.0838
2	I have complete confidence when making decisions	<b>0.8457</b>	0.0864	0.1031
9	I am the one who change the mind about things	<b>0.8571</b>	0.0588	0.1055
3	I would like to consult my husband and family members before making decisions	0.0876	<b>0.8796</b>	0.0757
7	Most often my decision is governed by my ideals regardless of practical difficulties	0.0607	<b>0.8424</b>	0.1427

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10	I will take the safe option if there is one	0.0241	<b>0.8799</b>	0.0267
4	I stick by my decisions whatever it may be	0.2109	0.0901	<b>0.6295</b>
5	I tend to remain calm when I have to make decisions very quickly	0.1403	-0.0069	<b>0.7370</b>
6	I always feel that i am in control of things	0.0919	0.2897	<b>0.6161</b>
8	I tend to make decisions without considering all of the implications	0.0916	0.1545	<b>0.7004</b>
	Explained Variance (Eigenvalue)	2.2640	2.3855	1.8652
	% of Total Variance	22.64	23.85	18.65
	Cumulative % of Total Variance	22.64	46.49	65.15

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	Factor Label	Decision -making  by instinct	Decision -making by consultin g others	Decision making with  Sense of Control
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## INTERPRETATION

From the perusal of the factor loadings presented in the above table, it is apparent that the first factor is highly loaded by item 9 (*I am the one who change the mind about things*), 1 (*I enjoy making decisions*) and 2 (*I have complete confidence when making decisions*) while loading of item 10 (*I will take the safe option if there is one*), 3 (*I would like to consult my husband and family members before making decisions*) and 7 (*Most often my decision is governed by my ideals regardless of practical difficulties*) is high with second factor. The third factor is highly loaded by item 5 (*I tend to remain calm when I have to make decisions very quickly*) followed by items 8 (*I tend to make decisions without considering all of the implications*), 4 (*I stick by my decisions whatever it may be*) and 6 (*I always feel that i am in control of things*) in the specified order. Based on the loadings of items, the first factor is named as “**Decision- making by instinct**”, second factor as “**Decision- making by consulting others**” and third factor is christened as “**Decision-making with sense of control**”.

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The data for each factor is obtained by averaging the scores of items that are highly loaded on the factor. The opinion of the entire sample or a sub-group in the sample on each one of three factors is considered to be ‘strongly disagree’, ‘disagree’, ‘moderate (neither disagree nor agree)’, ‘agree’ and ‘strongly agree’ if the mean score is “< 1.50”, “>= 1.50 and < 2.50”, “>= 2.50 and < 3.50”, “>= 3.50 and < 4.50” and “>= 4.50” respectively. The status of decision-making process of salaried women in the sample is explored by descriptive analysis of factor scores. Table No.4 presents the results of the descriptive analysis.

**Table No4.**

**Perceived Extent of Decision-Making Process – Whole Sample**

Decision-Making Process Dimensions	Mean	SD	95% CI	
			Lower Bound	Upper Bound
Decision-making by instinct	3.51	0.79	3.44	3.58
Decision-making by consulting others	3.39	0.76	3.32	3.45
Decision-making with Sense of Control	3.33	0.63	3.28	3.38

Source: Primary Data

**INTERPRETATION**

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As presented in the table, the mean score is in agree range for “Decision-making by instinct” (Mean = 3.51) while they are in moderate range for the remaining two dimensions (Mean = 3.39 for Decision-making by consulting others and 3.33 for Decision-making with Sense of Control). This picture shows that salaried women take decision mostly on instinct and taking decision by consulting others and with sense of control have been at moderate level. At the same time, from 95 per cent lower bound value for all three dimensions, it is understood that taking decisions by instinct is likely to be at moderate level among salaried women if any further survey is taken in the present study region Coimbatore.

### **Conclusion**

A focus is made to empirically evaluate the decision-making process of salaried women and their attitude towards savings and investments. From the analysis of the perception data, it is understood that decision-making process as well as the attitude towards savings and investments among salaried women is multi-facted (multi-dimensional) in the study region Coimbatore. The decision-making process of salaried women is constituted by three major aspects, viz., decision-making by instinct, decision-making by consulting others, and decision-making with sense of control. At the same time, it is found with 95 per cent confidence level that salaried women take decisions mostly by instinct and taking decisions by consulting others and with sense of control have been moderate. However, there is a disparity in such perception level among salaried women with different age levels, educational status, job status (occupational status), and marital status, employment status of their spouses, family income and family type. When all socio-

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economic characteristics are taken into account simultaneously on perception about decision-making process, it is concluded that the salaried women with high occupational status (supervisory or managerial) working in private sector organization tend to mostly make decisions by instinct when their spouses (husbands) are not employed.

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