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## WOMEN PARTICIPATION IN FINANCIAL DECISION

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### ABSTRACT:

*Gender equality in terms of economic and financial opportunities is becoming increasingly relevant at both national and international level. The need to address the financial literacy of women and girls as a way to improve their financial empowerment, opportunities, and well-being. The purpose of this paper is to acquire knowledge and insights about women's role in their families, in particular the husband-wife relationship with respect to financial decisions within households. Since the research's purpose is to examine the relationship between women's knowledge represented by level of education, and what role knowledge plays in the financial decision. it is aimed at identifying gender differences in financial literacy as well as barriers to women's financial empowerment, as a way to highlighting ways to successfully address women's and girls' financial education needs. In many countries, women display lower financial knowledge than men and are also less confident in their financial knowledge and skills. Even though women appear to be better than men in some areas of short-term money management behavior, they have a number of vulnerabilities in other aspects of financial behavior. A number of barriers appear to be related to gender differences in financial literacy. Gender differences in financial literacy are correlated with differences in socio-economic conditions of men and women. This suggests that limited access to education, employment and formal financial markets not only reduce women's financial well-being, but also limit the extent to which women can improve their knowledge, confidence and skills about economic and financial issues. In light of these challenges, an increasing number of countries at different income levels have acknowledged the need to address the financial literacy of women and girls by developing and implementing dedicated financial education policies and programmes, including through their national strategies for financial education. These initiatives typically address the needs of specific subgroups of women, including young women, elderly/widows, low-income and marginalised women, and female small/micro entrepreneurs. Moreover, these programmes aim at improving women's strategies with financial matters, including fostering the use of formal saving accounts, helping women plan their retirement, supporting women in choosing financial products, and preventing over-indebtedness. The available impact assessments show that well designed programmes were successful in improving women's and girls' financial knowledge and confidence in their financial skills.*

**Key Words:** Gender Equality, Women's Participation, Financial Literacy, Financial Education, Financial Decision, Gender Stereotypes.

**INTRODUCTION:**

In our present day economy, finance is defined as the provision of money at the time when it is required. Every enterprise, family in fact everyone is need in finance to carry on its operations. Financial decisions are judgments one makes about life, and the future. It determines how well you live. You have the choice of investing in stocks, major appliances, house, car, saving account. The key is picking an alternative that creates a better life now, or in the future.

**Financial Decisions involve:**

- (1) Determining the proper amount of funds required;
- (2) Selecting projects and capital expenditure analysis;
- (3) Raising funds on the most favorable terms possible; and
- (4) Managing working capital such as inventory and accounts receivable

Financial decisions are crucial and always taken by financial managers mostly by Men but now in modern era women are playing important role and we are studying the results of decisions taken by women in various fields. Since Women in India have always been issues of concern. The folks and society at large consider women as second class citizens. Though we admire and preach them in the name of Durga, Saraswati, Parvati and Kali, we also abuse her in the form of Child-marriage, Female infanticide, Sati, Sexual harassment, Dowry and so on. The status of women in India has been subject to many great alterations over the past few millenniums. From a largely unknown status in ancient times through the low points of the medieval period, to the promotion of equal rights by many reformers, the history of women in India has been lively. The status of women has varied in different time periods.

**Women's work and role**

- 1) The general role of a woman
- 2) Women as housewives
- 3) Women in the midst of marriage and motherhood duties

After Independence the Constitution of India gave equal rights to men and women in all walks of life. But even today one cannot say that all women in India enjoy equal rights with men in all matters.

**There are many reasons for this**

- 1) The customs and traditions prevalent for centuries,
- 2) The high percentage of illiteracy among women,
- 3) Ignorance of their rights,
- 4) Patriarchal Society,
- 5) Economic system,
- 6) Acceptance of the theory of Karma or fatalism,
- 7) Unchecked male domination in all walks of life.

In spite of all these problems mentioned above, one could see that the condition of India women has improved a lot. There are now adequate educational facilities for girls and women. Special incentives and reservations are there to encourage them to study. Even in employment there are special reservations.

A man and a woman are like two wheels of a cart. The cart can move fast and safely too, when both of them pull it in the same direction and with equal

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strength. Hence no developing country or society can afford to ignore the role of women, if they are to progress.

We know that the decisions we make today will shape the form of tomorrow, yet it is often difficult to pinpoint the motivations behind our decisions. Whilst the starting rule is always that we are all individuals and that individual differences account for and explain the reasons for many of our actions, we are increasingly aware that factors, such as gender, can play a role. Through in research, we have observed the unique distinction in how women's Emotions drive views on financial decision making and how each gender approaches the complex subject of inheritance. Studying these differences has provided a more in-depth insight into the role they play, at a time when recognising, understanding and engaging with these nuances has arguably never been more important for the financial decisions.

Across the globe, we are seeing greater numbers of women pass through higher education and go on to better paid, more prominent positions within their chosen industries. As they continue on this upward trajectory, both in terms of career success and increasing salaries, more women are acquiring wealth directly and women are also becoming more financially astute and independent.

In 2011, Women's Economic Empowerment is arguably the biggest social change of our time." It has been revealed a focused plan to address the lack of women in company boardrooms and readdress the balance over the coming two years. Women across the globe account for up to 80 per cent of purchasing decisions, women will control a GDP. What are clearly changing social dynamics as more women rise to the top of professions, build businesses and, more broadly, take direct control of financial decision making, woman have taken a conscious decision to think more deeply about how they best meet the needs of this expanding market.

When we put the lens on our personal lives, we know men and women are different. If we recognize that men and women are different and that both are contributing in equal measure to the scale of economic growth then it seems logical that we stop and reflect. Some important points:-

Women remain positive about the future.

Women are Breadwinners.

Women are more risk averse.

Women seek financial partnership Women more likely to rely on advisor input than men.

Women face greater financial challenges.

Women's confidence and self-esteem increase when they have greater knowledge, economic assets and income-earning capacity, and they are more likely to participate in both private and public decision-making. Low participation is often due to stereotypes, perpetuated by both men and women, which assign women's influence to the private sphere and men's to the public. The use of quotas and positive action to increase women's participation in decision-making bodies is not enough to ensure their participation, but is an important first step.

**GENDER STEREOTYPES IMPACT FINANCIAL DECISIONS:**

A new study infers that stereotypes appear to influence how women make financial decisions. Women are generally thought to be less willing to take risks than men — a trait that helps women makes safer and more cautious financial decisions. Some research efforts have supported this premise, suggesting that the gender differences may be biologically rooted or evolutionarily programmed. But Priyanka B. Carr, a doctoral candidate at Stanford University and Claude M. Steele, Ph.D., of Columbia University thought that these differences might be the result of negative stereotypes — stereotypes about women being irrational and illogical, So they designed experiments to study how women make financial decisions, when faced with negative stereotypes and when not.

Past research has shown that being faced with negative stereotypes about one's group can hamper intellectual performance, and Carr and Steele reasoned it could also affect financial decision-making. In the experiments, they controlled whether the participants were made to think about negative stereotypes about women or not. Some volunteers were told that they would be completing tasks to measure their mathematical, logical, and rational reasoning abilities. Since women are stereotyped as not being talented at these things, this should raise the stereotype in the volunteer's mind. To be very sure, these people were also asked to indicate their gender before doing the tasks. Other volunteers were told that they would be working on puzzles, and were not asked their gender first. Then, each person completed the same measures assessing their financial decision-making choices.

When the negative stereotype about women was not hinted at, there were no gender differences in financial decision-making. Both men and women were moderately risk averse and loss averse. But when the negative stereotype was brought up, gender differences emerged. Women made more cautious financial decisions: They were more likely to forgo lucrative opportunities so they could avoid risks and losses. Interestingly, when negative stereotypes about women (and therefore positive stereotypes about men) were relevant, men became more risk-seeking. The stereotypical cues encouraged behavior that stuck to the stereotype. This suggests that earlier findings and anecdotes about differences in decision making between the sexes may actually be the result of gender stereotypes (and not the basis for them).

In the world of business and finance, risk taking (which can yield big rewards) is often valued, though it can also result in bad outcomes (as implied by the current economic crisis).Carr says that to create more temperate financial-decision making there may be no need in banks and on Wall Street for a "battle of riskiness between the sexes."Reducing and removing negative stereotypes about women can leave both men and women free to make decisions they think are best. She says, "Our argument is that people's decision-making and financial choices should not be burdened by stereotypes being placed on them."

**Women are Capable to Take Financial Decisions:**

Arundhati Bhattacharya taking over as the chairman of one of the oldest and reputed banks of India, State Bank of India which has been serving India for about 207 years now, one can proudly say that banking sector is seeing the rise

of new era of women and there is no stopping. While counting notable women in this field,

Another name that comes to mind is of Subahlakshmi Panse, the head of Allahabad bank. She gradually climbed up the ladder in her 47 years of her career before becoming the head and also one of the most powerful women in banking sector. Even at the time she took over the post, two other women were leading the banks: Vijayalakshmi Iyer at Bank of India and Archana Bhargava at United Bank of India. She agrees to the fact that still women are often looked down upon and not much is expected is from them but this mindset is changing. And yet again, the success of Arundhati Bhattacharya proves to be an indication of the changing mindset. Another thing that is common between them is the time span it took for them to come to the top as Ms. Arundhati also climbed the ladder in within 36 years. Three other people interviewed were males: Hemant G Contractor, A Krishnakumar and S Viswanathan. When the global recession brought banking behemoths and financial institutions down on their knees, commentators dubbed it as a man-made disaster, "a testosterone-fuelled meltdown caused by men with high-risk appetite".

Pray, then, would the world economy be on a sounder platform today if these treasure chests were guarded by women managers? Nick Wilson, professor of credit Management at Leeds University Business School (LUBS) thinks so. "Where we find companies with diversity on their boards, productivity is better. Having more women on the boards of companies does help. Women would moderate risk and would be more balanced," he says. Was this the reason, then, that Indian banks, with better gender equality on board than their western counterparts, scraped through the economic slowdown unscathed? Prof Wilson nods again. "If UK banks had more women on their boards, the scenario post-recession would have been a lot different."

Banking in the West has traditionally been a male bastion and continues to be so. "It is very difficult for women to break the glass ceiling here (West)," says Sheila Wellington, clinical professor of management at New York University's Stern School of Business. The banking sector in the country did have its male domination till the 1980s, but in the last three decades the gender equilibrium became 'fairly' poised.

According to a study by Standard Chartered Bank about women on corporate boards in India, the financial sector performs best in terms of gender diversity, nine of the eleven banks listed on BSE-100 have a woman on their board and two of these banks have a female CEO. In fact, through the recent recession, Reserve Bank of India had two women deputy governors on board, Usha Thorat and Shyamala Gopinath.

ICICI Bank, India's second largest bank after State Bank of India, is headed by a woman, Chanda Kochhar. ICICI particularly nurtured a number of women—Chanda Kochhar, Shikha Sharma, Renuka Ramnath—who have today reached the top. One of most prominent among them is Kochhar, who joined the bank as a management trainee in 1984 and rose through the ranks to become the managing director and chief executive officer. Today, of the eleven top executives working directly under her, three are women. "I give a lot of credit to ICICI, which as an organisation has allowed women to grow, prosper, handle

responsibilities and offered equal opportunities," says Kochhar. Of the overall 40,000 employees at ICICI, quarters are women. "It has contributed a lot to the feminine quotient in the Indian banking sector." So is the third largest in the private sector, Axis Bank, with Shikha Sharma at its helm. HDFC Ltd, India's largest housing finance group has Renu Sud Karnad as its managing director; Kalpana Morparia heads the Indian arm of global financial leviathan JPMorgan Chase & Co; Meera Sanyal is the country executive for Royal Bank of Scotland and; Manisha Girotra is the managing director of Union Bank of Switzerland's India operations.

"Women are not driven by wanting to just show numbers," says Karnad, who feels the recession was a result of excesses, of wanting to achieve goals at whatever cost. "Women are more practical and moderate in risk taking." In this sense, the banking and financial services sector has been particularly lucky. For, while only 11% of the companies across sectors in India had women CEOs, 54% of these CEOs come from the financial services sector, says a recent EMA Partners International study. In the Fortune 500 list though, financial services just accounted for 7% of the women CEOs. So what is it that makes women so successful in the Indian banking and financial services industry? "Retail banking is more of a relationship thing and women excel at that," says Karnad. In the Indian context, while women have started venturing out to work in the corporate world, they have been handling relationships at home too, as a wife or a mother. "This nurturing and adjusting attitude flows into the workplace as well." For the current pack of women leaders in banking, the journey started in late 1970s and 80s. "There were hardly any women who went to engineering colleges those days. Banking and services was a natural move," says K Sudarshan, managing partner-India, EMA Partners. Professor K Ramachandran, Thomas Schmidheiny Chair Professor of Family Business and Wealth Management, at Indian School of Business, adds: "In the 80s, leaders in banking realised that women could be great assets and their businesses need to be gender neutral. It is more about breaking the mental barrier."

The mid-80s saw a number of smart women graduating from the B-schools just when the Indian banking sector was starting to grow. ICICI, HDFC, HSBC, Citibank, were all expanding and were hiring during the mid-80s and the early 90s. "We were fortunate to have senior role models like Tarjani Vakil, chairperson of Exim Bank who pierced the glass ceiling in the 1970s and '80s," says Meera Sanyal, who started her career in the mid-'80s with ANZ Grindlays Bank and is now Royal Bank of Scotland's country executive for India. However, bankers don't agree that it's only affirmative action that has led to a virtuous cycle. Reason: bigger the firm more focused it will be to encourage equality of opportunity. The HR policy is structured to benefit all employees, not just women. "Diversity is vital, be it in the form of academic background or gender, it creates the right environment, culture that helps the organisation to leverage on workforce's strength and skills," says JPMorgan Chase and Co's India head Kalpana Morparia.

Most women bankers agree that one of main advantages they had was the support system from their family. There may be numerous cases to belie their observation but for the achievers, family support made all the difference. "There

is family, in-laws, friends and domestic staff that offer support to the household, which makes it easier for the woman to focus on her career," Manisha Girotra, managing director, Union Bank of Switzerland in India. Interestingly, today, these women are role models for a number of other women who have the ambition and confidence to make it big in the world of banking. When you see talented women who have become successful leaders, you do get inspired to follow in their footsteps. "Once you have a successful role model in a business, you tend to go for it. These women in the world of banking and financial services have given confidence to women to try such corporate jobs," says Ramachandran.

Talking about the recognition of women in the banking sector, good news is the opening of Bhartiya Mahila Bank from November to focus solely on the needs of women and empower them. The first branch will be opened at the Nirman Point, Mumbai. US-based FIS Global, in partnership with Wipro, is leading the race for a Rs 1,000-crore contract to provide IT systems in it. It's set to become a trendsetter by adopting a technology infrastructure model based on per-usage payment system- the first time by an Indian bank. With more involvement of women in financial activities, better development activities and empowerment of women can be ensured and the first step towards it is accessibility which will be taken care of by these banks. Gender imbalances continue to prevail in corporate boardrooms across the world, but the situation is much better in our country if the number of women CEOs that India Inc has is any indication--nearly four times more than that of the US- survey says.

According to a survey by international executive research firm, EMA Partners International, around 11% of Indian companies have women CEOs, while in the case of Fortune 500 list from the US, the women CEOs just account for three% of the total consideration set. "In the backdrop of the Fortune 500 numbers, the Indian results certainly look a lot better, though on a standalone basis, it is clear that barring financial services, other industries have a long way to catch up," EMA Partners chairman James Douglas said in the survey. In India, the survey was carried out among 240 mid and large domestic as well as MNCs. The companies were selected on the basis of revenues and market capitalization among others. The survey was conducted in November. Globally, on an average, about three% of top CEOs are a woman, which is quite unrepresentative, given the fact that roughly half the populations are females and around 50% of the staff is also females in most markets. According to the EMA Partners estimates, over 25% of the executives are women in Germany, more than 30% in Britain, while this is 35% in France.

This all will prove that the Gender Stereotypes should change and women are capable to take financial decisions. The following information gives the clear idea about the women participation to take the financial decisions.

### 1. Most Powerful Women In Banking Sector :

Chanda Kochhar, M	MD and CEO	ICICI Bank
Arundhati Bhattacharya	CEO	State Bank of India (SBI)
Shikha Sharma	MD and CEO	Axis Bank
Naina Lal Kidwai	country head	HSBC
Kaku Nakhate	president and	Bank of America Merrill

	country head (India)	Lynch,
Vijayalakshmi Iyer	CMD,	Bank of India
Archana Bhargava	CMD	United Bank of India
Shubhalakshmi Panse	CMD	Allahabad Bank.

## 2. Most powerful women in Business sector:

Indra Nooyi	CFO	Pepsico
Indu Jain	Chairperson (former)	Times Group
Simone Tata	Chairperson (Former), Lakme Chairperson (Present)	Trent Limited
Neelam Dhawan	MD	HP-India
Kiran Mazumdar Shaw	CMD	Biocon
Vinita Bali	MD	Britannia Industries
Renuka Ramnath		
Renu Sud Karnad	Managing Director	Housing Development Finance Corporation
Vanitha Narayanan	Managing Director	IBM India
Pallavi Shroff	Senior Partner	Amarchand & Mangaldas & Suresh A. Shroff & Co
Shubhalakshmi Panse	Managing Director	Allahabad Bank
Vinita Singhania	Managing Director	JK Lakshmi Cement
Priya Nair	Vice President	Detergents, HUL
Anjali Bansal	Managing Director	Spencerstuart India
Swarupa Sanya	Head	Strategy And Corporate Initiatives, Genpact
Savita Mahajan	Deputy Dean,	ISB
Nishi Vasudeva	Director (Marketing)	HPCL
Ritu Dalmia	Co-Founder	Riga Food
Sumithra Gomatam	Senior Vice President	Cognizant
Asha Gupta	Managing Director	Managing Director
Shanti Ekambaram	President	Corporate & Investment Banking,
Nina Lath Gupta	Managing Director	NFDC
Madhurima Mukherjee	Partner	Luthra & Luthra Law Offices
Anupama Ahluwalia	Vice President	Marketing, India And South West Asia, The Coca- Cola Company
Kirthiga Reddy	Vice Chairman	Internet and Mobile Association of India

### Why banking mints the most women CEOs in India:

This is unique both in the Indian and global contexts in India, only one in 10 companies across all sectors have a woman at the helm, but more than half of these are from the financial services sector, a study done by executive search firm EMA Partners International a few years ago discovered. That number has only grown in the past few years, says K Sudarshan, managing partner - India &



regional VP - Asia. Globally too, the Indian banking industry has a better corner room diversity score than even the US. Only three in the top 25 in American Banker Magazine's listing of most powerful women in banking, released last month, are at the very top of their companies. Two more had the chief executive title, but only ran large subsidiaries.

### **Why do more women in banking make it to the corner room than any other sector?**

Banking comes naturally to women, says Swati Piramal, a non-executive director on the board of ICICI Bank and vice-chairperson of Piramal Enterprises. "Women tend to be more conservative, more structured, more careful about money, good leaders and better team players," she says. Adds Arun Duggal, Chairman, Shriram Capital and a veteran international banker: "Banking requires sound instinct and intellectual capability to analyse businesses. I feel women are better at it than men." Duggal, who is championing a mentoring programme to get more women on corporate boards, says women have the ability to judge a borrower situation instinctively and are able to make very sound judgments.

At least two more factors have traditionally helped women bankers leverage this natural advantage in their career growth. First, banking does not present women with the challenges and stereotypes other sectors such as manufacturing pose. "Unlike in manufacturing, banking in a way, did not have a shop-floor (and therefore no problem of women having to do night shifts)," says K Ramkumar, executive director, ICICI Bank. "Much of the selling in the financial services industry, until retail exploded in the past 10 years, was done meeting people in offices."

Second, banks started to intentionally build diversity much earlier than other sectors. "The number of senior women bankers that you see today is a testimony to that," says Madhavi Lall, head - group employee relations, Standard Chartered Bank. At ICICI Bank, for example, this was happening since the 1980s, led by visionaries like SS Nadkarni and N Vaghul in the 80s, points out Ramkumar. Kamath continued the tradition that ensured women got an opportunity to prove themselves.

"Women who are at the top now are largely those who started their careers around that time and worked their way up," says Shubhalakshmi Panse, chairman and managing director of Allahabad Bank and the first woman to head the 148-year-old institution. "What works in their favour is that they are multi-taskers, team players, very flexible and able to handle all kinds of situations with equanimity." Tarjani Vakil, former chairperson of the Exim Bank, who rose to the top spot in 1996, was perhaps the first of her kind. She was followed by Ranjana Kumar who became CMD of Indian Bank in 2000. She managed a significant turnaround at the bank, before taking over as chairperson of Nabard (National Bank for Agriculture and Rural Development) in 2003.

Over the years, ICICI Bank and others have supported women at various points in their career, enabling them to balance their home and work life more effectively, especially at key decision points or the cross-roads. "Banking as a career offers women the opportunity to better balance their family and professional careers," says Duggal. Many banks have also proactively promoted

women for fear of losing them to competition. "Companies that have managed to elevate internal candidates to the CEO position are better examples where this approach has worked best," says Kaku Nakhate, president and country head - India, Bank of America Merrill Lynch. Banks remain sharply focused on improving gender diversity, top search firms say. Other things remaining the same, between two candidates from different sexes, banks prefer women.

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