WOMEN'S PERCEPTIONS REGARDING FINANCIAL PLANNING WITH SPECIFIC REFERENCE TO INVESTMENT

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WOMEN'S PERCEPTIONS REGARDING FINANCIAL PLANNING WITH SPECIFIC REFERENCE TO INVESTMENT

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DECLARATION

I, **Thị Anh Thư Đào**, hereby declare that this dissertation entitled, “Women’s perceptions regarding financial planning with specific reference to investment”, for Master of Commerce to be awarded, is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.

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ABSTRACT

Investment planning (as one of the key components of financial planning) is seen as an important solution to investment problems and challenges. Previous research however indicated that compare to men, women are not as confident and knowledgeable about financial and investment matters. As a result, women do not conduct investment planning until it is often too late and when they are confronted with a financial crisis or a life predicament such as a divorce or death.

Given the lack of research attention focusing on women's perceptions of financial and investment planning in South Africa, and in particular the Eastern Cape, the objective of this research is to investigate the factors that influence women's *Perceived successful investment planning* in the Nelson Mandela Bay area. After conducting a comprehensive literature study, seven factors (independent variables) namely *Values, Attitudes, Time horizon, Personal life cycle, Risks and Returns, Investment Knowledge,* were identified as influencing the *Perceived successful investment planning* (dependent variable) of women. Various hypotheses were formulated to be tested in the empirical investigation.

The validity and reliability of the measuring instrument were tested among 207 respondents. The Exploratory Factor Analysis, as well as the Cronbach's alpha coeffient analysis, revelead that *Investment knowledge, Personal life cycle* and *Values* are important factors that influence the women's *Perceived successful investment planning*. As a result of these analyses, the hypotheses had to be reformulated.

In order to establish whether correlations existed between the various factors investigated in this study, Pearson Product Moment Correlation Coefficients were calculated. Positive correlations were found between all the variables, except between *Values* and *Personal life cycle* and between *Values* and *Perceived successful investment planning*.

To analyse the association in which the effects of the independent variables (*Investment knowledge*, *Personal life cycle* and *Values*) have on the dependent variable (*Perceived successful investment planning*) of this study, multiple regression analysis was

conducted. Only one independent variable emerged as having a significant influence on *Perceived successful investment planning* of women, namely *Investment knowledge*.

In order to investigate the influence of the various demographic variables on the dependent variable, an Analysis of Variance was performed. No significant differences were found between the selected demographic variables, namely *Age, Ethnic group, Marital status, Education* and *Investment experience* and the independent variables or dependent variable of this study.

By investigating the influence of women's *Perceived successful investment planning,* this study has added to the body of knowledge of both financial and investment planning. Based on the empirical results of this study, several recommendations have been made in an attempt to assist women to make better investment decisions and manage their investment planning more effectively.

KEY WORDS: Women, Investment Planning, Financial Planning

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CHAPTER 1
INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

Throughout the years, women have rarely been encouraged to interest themselves in financial matters. They often have less time than men to consider the subject, as they have a career or family to consider first (Money tips for single women 2012:1). According to Light (2012:17), single woman are significantly less confident about making financial decisions than married women. The reason is that they mainly focus on building their careers, and wait to be serious with financial matters when they are married or in a serious relationship. Another reason is that single women do not want to take the risk of making financial and investment decisions because they have limited knowledge about these matters. Therefore, single women are often at a higher risk if something unexpected occurs because they do not have a husband/partner to fall back on to financially assist them.

In the case of married women, money has generally been something that is taken care of by their husbands. The great majority of married couples still divide the family's financial responsibilities along conventional lines, with women managing daily spending and budgeting decisions, while men handle investments and retirement planning (Alderson 2012:8). In addition, women often earn less money than men in identical jobs, because they often have to take time from work to take care of their families. Therefore, a woman’s responsibility towards her family does not only hamper her job promotion, but also reduces her contributions to pensions and retirement schemes (Bell 2011:20).

Other problems may appear in women’s lives such as divorces or widowhoods. Women tend to outlive men; it has been statistically proved that women live longer than men (Bell 2011:20). A woman who outlives her partner or is divorced, usually loses the partner’s income and is forced to live on less, or is not prepared to manage assets after a partner’s death. Unfortunately, a lack of knowledge about investment and money-related matters can create shock and panic for many women if one of these unexpected events happens. In a nutshell, many women are ill-prepared financially, and at risk without even knowing it (Alderson 2012:8). In the current study, the concepts 'investor', 'client' or 'individual' refer to women in general, and are interchangeably used.

Swart (2002:9) maintains that it is essential for women to realise their specific financial needs in order to become actively involved in their own financial matters as well as their household's personal financial planning. With careful financial planning, a person can overcome tough times, and prosper in good times (Gitman & Joehnk 2010:19). Each woman needs to primarily understand the concept of financial planning before she starts planning and managing her finances. Financial planning is very important since it is a process of determining an individual's goals, life's priorities, as well as taking into account resources, risk profile and current lifestyle, to form a realistic plan to meet those goals. The individual's goals are used as a guideline to map a course of action about what needs to be done to reach those goals (Botha, Rossini, Geach, Goodall, Du Preez & Rabenowitz 2010:3).

Financial planning covers major financial areas, namely personal financial management, business financial planning, risk management, tax planning, retirement planning, estate planning, and investments planning (Botha *et al.* 2010:38). Hirsch (2005:7) emphasises that financial planning is a complex process and should be customised since no two individuals face the exact financial circumstances or have similar financial needs. Consequently, each individual will need to attain a relevant level of knowledge and skills required to carry out the financial planning process. To make things simpler, individuals can obtain advice and guidance from financial planners, also known as financial advisors. A financial planner is a professional who analyses personal financial circumstances and prepares a detailed strategy to meet his/her clients' financial needs and objectives (Hirsch 2005:7).

According to Gitman and Joehnk (2010:21), investment planning or investment management is one of the most important components of financial planning. The reason is that a proper investment plan will help an individual achieve her specific financial goals, such as contributing to a tertiary or secondary education fund or building up a reasonable retirement fund. Investment planning involves investing money in various investment vehicles, such as ordinary or preferred shares, government or corporate bonds, mutual funds, and real estate. However, these various financial instruments have certain risks, in varying degrees, associated with them. Investment planning ensures that a balance is maintained between an individual's goals, her risk tolerance level, and the chosen financial instruments.

This study will focus on investment planning rather than other components of financial planning. The reason is that many women, despite strides in education and in the workplace, simply are not as confident and knowledgeable about financial and especially investment matters as men. This problem persists even as women handle many of their families' routine money management duties, like paying bills and making many purchasing decisions (Bernard 2010:8). According to Bernard (2010:8), a 2007 study on gender differences showed that women are still less likely to be involved in financial matters. Women are also more likely than men to find investment decisions stressful, difficult and time-consuming. Bernard's study also found that it often takes a life event, like getting married, to prompt women to save and invest, whereas men are more likely to start investing gradually.

When it comes to investing, women have unique needs. These needs can be linked to the phases of the human life cycle in which every woman finds herself, namely youthful years (20-30); family years (30-40); career years (40-50); pre-retirement years (50-60) and retirement years (above 60). With due consideration of the specific phase of life and marital status of every woman, other aspects which influence the investment planning process should also be considered, such as risk tolerance, return expectations, and especially knowledge of investments. Only by analysing all relevant aspects affecting a woman's financial life can the chances improve of creating a suitable and comprehensive investment plan which is easy to be monitored over time (Swart 2002:9).

Women only get the perception of financial independence if they have made the best use of their specific level of income by proper financial planning and investment planning ('Critical habits' 2012:23). A higher level of income allows people to reach financial independence at an earlier stage (Amling & Droms 1986:3). However, possible unexpected events may happen any time during a woman's life. Therefore, Gitman and Joehnk (2010:21) suggest that to shield or weather against life's financial storms, a person needs to plan ahead and take steps, for instance, setting up an emergency fund, or reducing monthly expenses that will protect her and her family financially if a setback occurs.

In the following sections, the problem of this study will be presented and will lead to the research objectives. A proposed hypothesised model and hypotheses based on the

research topic will then be provided. After that, a suitable research design and methodology to the study will be discussed. Furthermore, contribution of the study and definition of concepts will be presented, follow by the structure of the study.

1.2 PROBLEM STATEMENT

Despite the importance of undertaking financial planning in general and investment planning in particular, women still do not fulfil this responsibility. They are therefore exposed to more financial dilemmas and issues than men (Eikmeier 2007:206). Light (2012:17) finds that even though most women manage the daily finances and take financial decisions at home, it is often surprising to observe that they are much less involved with the long-term aspect of financial/investment decisions and planning. In addition, Goldsmith and Goldsmith (2006:57) express concern that women have less knowledge and skills in managing their personal finances and investments than men do.

According to Gitman and Joehnk (2010:21), as the result of failing to prepare proper financial plans, financial situations of people in general and women in particular, during and mainly in the last quarter of their lives, frequently are not as they would have hoped. This is particularly true of women as they statistically live longer than men. At the same time, women often have a shorter career than their male counterparts, and make less money than men, if one considers the length of careers. As a result, most women are not adequately prepared for retirement funding. In addition, women often invest less than men because they are unwilling to take a risk in investing, and are thus not capable of overcoming financial problems when they occur.

The significant benefits which financial and investment planning could bring to an individual's life are financial control, less stress, and financial independence. By looking at current financial situations, women will be able to evaluate their financial strengths/weaknesses as well as plan for future needs. Planning will help them to reduce the impact of an unforeseen financial crisis and to stay in control over their financial matters. By prudent financial planning, women will be able to evaluate how well their finances are doing. This knowledge and understanding will help women to feel more secure and less stressed about their finances, as well as eventually leading them to financial independence (Benefits of financial planning 2012:10).

Falahati and Paim (2011:1767) suggest that financial satisfaction and its impact on the quality of life have received considerable attention in recent decades. Women who are more financially secure and satisfied are happier, because they are not only able to enjoy life but are also able to care for, share with, and give support, to all those in their life (Orman 2007:17). Yet, little research has been done on women's perceptions of financial planning with specific reference to investment, as well as related issues of South Africa, in the Eastern Cape. In the light of the complexity, as well as the benefits derived from making proper use of the financial planning process with specific reference to investment, it is vital to investigate the factors that affect women's perceptions on the success of investment planning.

1.3 RESEARCH OBJECTIVES

The following sections will present the primary objective and secondary objectives of the study.

1.3.1 PRIMARY OBJECTIVE

In line with the problem statement, the primary objective of this research is to investigate the factors that influence women's *Perceived successful investment planning* in the Nelson Mandela Bay area.

1.3.2 SECONDARY OBJECTIVES

To give effect to the primary objective of this study, the following secondary research objectives have been formulated:

SO^1: To undertake a detailed theoretical investigation into:

- the nature and importance of financial planning, as well as
- the nature and importance of investment planning and factors that influence women's *Perceived successful investment planning*.

SO^2: To generate a hypothesised model suggesting appropriate hypotheses, in order to test the relationships between the independent variables (*Values, Attitudes, Time*

horizon, Personal life cycle, Risks and Returns, as well as *Investment knowledge*) and the dependent variable (*Perceived successful investment planning*).

SO[3]: To describe the research methodology that will be used in the study, as well as develop a measuring instrument that will empirically test the relationships as described in the hypothesised model.

SO[4]: To undertake an empirical investigation to test the proposed hypothesised model and to investigate the possible relationships between the dependent variable, namely the *Perceived successful investment planning* of women, and the various independent variables (or factors influencing the women's *Perceived successful investment planning*) identified during the theoretical investigation.

SO[5]: To make conclusions and recommendations based on the results to assist women in making proper investment decisions, and as a result managing and protecting their finances more effectively.

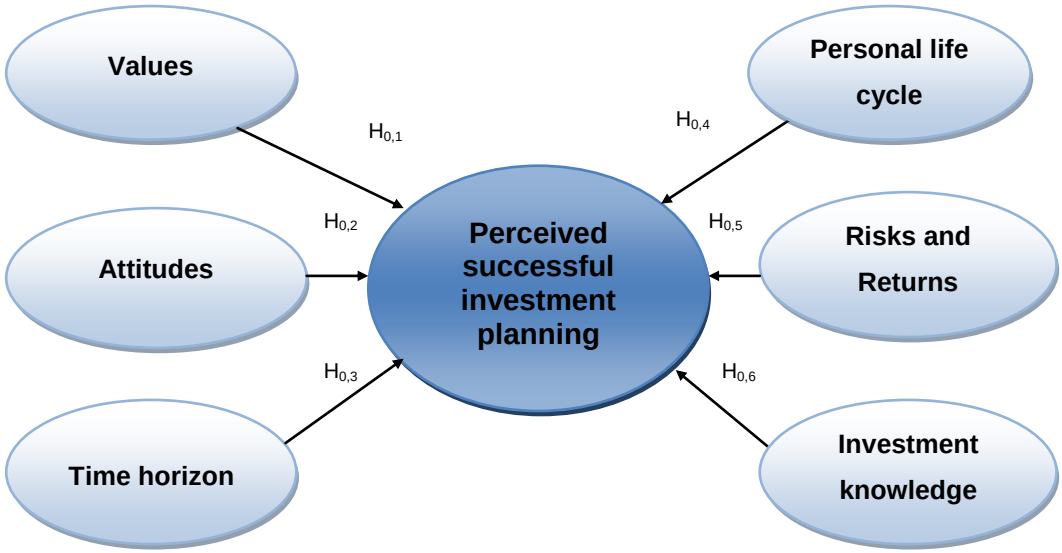
1.4 PROPOSED HYPOTHESISED MODEL AND HYPOTHESES

In the next sections, the proposed hypothesised model will be presented and then the research hypotheses based on Figure 1.1.

1.4.1 HYPOTHESISED MODEL

The literature study has revealed several factors influencing the *Perceived successful investment planning* of women. These factors have been identified and supported by references in the financial planning and investment planning literature. These factors have been used to develop the theoretical model depicted in Figure 1.1. Figure 1.1 illustrates the relationship between the factors which influence women's *Perceived successful investment planning*, namely *Values, Attitudes, Time horizon, Personal life cycle, Risks and Returns*, as well as *Investment knowledge.*

FIGURE 1.1: HYPOTHESISED MODEL OF FACTORS INFLUENCING WOMEN'S PERCEPTIONS OF PERCEIVED SUCCESSFUL INVESTMENT PLANNING



Source: Researcher's own construction

The hypothesised model (Figure 1.1) signifies that *Perceived successful investment planning* acts as the dependent variable, and factors which influence women's *Perceived successful investment planning* act as the independent variables.

1.4.2 RESEARCH HYPOTHESES

The following null and alternative hypotheses, as illustrated in Figure 1.1, have been formulated to represent all the relationships in the hypothesised model that will be empirically tested in this study:

$H_{0,1}$: There is no relationship between *Values* and *Perceived successful investment planning*.

$H_{A,1}$: There is a relationship between *Values* and *Perceived successful investment planning*.

$H_{0,2}$: There is no relationship between *Attitudes* and *Perceived successful investment planning*.

$H_{A,2}$: There is a relationship between *Attitudes* and *Perceived successful investment planning*.

$H_{0,3}$: There is no relationship between *Time horizon* and *Perceived successful investment planning.*

$H_{A,3}$: There is a relationship between *Time horizon* and *Perceived successful investment planning.*

$H_{0,4}$: There is no relationship between *Personal life cycle* and *Perceived successful investment planning.*

$H_{A,4}$: There is a relationship between *Personal life cycle* and *Perceived successful investment planning.*

$H_{0,5}$: There is no relationship between *Risks* and *Returns* and *Perceived successful investment planning.*

$H_{A,5}$: There is a relationship between *Risks* and *Returns* and *Perceived successful investment planning.*

$H_{0,6}$: There is no relationship between *Investment knowledge* and *Perceived successful investment planning.*

$H_{A,6}$: There is a relationship between *Investment knowledge* and *Perceived successful investment planning.*

1.5 RESEARCH DESIGN AND METHODOLOGY

The present study aims to investigate the factors that influence women's *Perceived successful investment planning* in the Nelson Mandela Bay area. Primary and secondary research will be undertaken to achieve the objectives of this research.

1.5.1 SECONDARY RESEARCH

According to Hair, Money, Samouel and Page (2007:137), secondary data is information originally collected for some other purpose but is relevant for a particular research project. Secondary data includes everything from annual reports, promotional material, parent company documentation, to published case descriptions, magazine, journal articles and newspaper reports as well as government printed sources. Most research begins with secondary data analysis. The outcome of this analysis usually dictates whether or not the researcher will engage in primary research (Wilson 2010:170).

For the purpose of this study, secondary data will be collected. An international and national data search will be conducted. The source of the information, which relates to the research topic, will be found in the Nelson Mandela Metropolitan University library, using books, periodicals, Internet and finance magazines. The search engines to be used are Sabinet database, SAE publications, EBSCO, Materfile premier, Business Source premier, Science direct and Google scholar searches.

1.5.2 PRIMARY RESEARCH

The primary research will be carried out by following discussions on research design, research methodology, research instrument, data collection and data analysis.

1.5.2.1 Research design

Hair *et al.* (2007:151) state that research design provides the basic directions for carrying out a research project. Research design is a framework or plan for the collection and analysis of data (Wilson 2010:307). Research design focuses on turning a research question and objectives into a research project. It considers research strategies, choices and time horizons (Saunders, Lewis & Thornhill 2007:153). In fact, the research design dictates the research methodology to be adopted in a study.

According to Zikmund, Babin, Carr and Griffin (2010:55) and Vaus (2001:40), descriptive research design help provide answers to the questions of who, what, when, where, and how associated with a particular research problem. For the purpose of this study, descriptive research design will be adopted as the most suitable research design. Descriptive research design will enable the researcher to first of all test the hypotheses of this study. Morever, this type research design assists researcher in obtaining responses from a large sample which provides higher generalisability of results for this study.

1.5.2.2 Research methodology

Research methodology is concerned with the overall process of research. It is the part of the body of a research study that demonstrates the results of the project. It comprises tables, charts and organised narrative (Zikmund *et al.* 2010:657). The research

methodology requires that a decision be made between a positivist research methodology and phenomenological research methodology.

According to Denzin and Lincoln (1994:4), a positivist research methodology (or quantitative research) does not involve the investigation of processes, but emphasises the measurement and analysis of simple or causal relationships between variables in a value-free context. Features of the positivistic approach are that it tends to produce quantitative data and uses a large sample. The purpose of quantitative research is to evaluate objective data consisting of numbers (Stainback & Stainback 1984:400).

The phenomenological research methodology (or qualitative research) emphasises processes and meanings that are not measured in terms of quantity, amount, intensity or frequency. The aim of qualitative research is to establish the socially constructed nature of reality, and to stress the relationship between the researcher and the object of the study. Features of the phenomenological approach are that it tends to produce qualitative data and uses small samples (Denzin & Lincoln 1994:4).

In the present research, a positivist research methodology or quantitative research will be chosen. One of the main reasons is that quantitative research enables the researcher to conduct a study on a larger scale of the population, using a relatively large sample. In addition, by making use of the quantitative research, the researcher will be able to measure and analyse the relationships between variables in a hypothesised model, which is illustrated in Figure 1.1.

1.5.2.3 Research instrument

Questionnaires are one of the most popular research methods which are often selected when conducting a quantitative research. Questionnaires or surveys are often in the form of self-administered questionnaires where respondents are responsible for completing each question (McClelland 1994:22). Questionnaires can be printed or distributed through electronic devices. Electronic questionnaires are distributed using electronic mail (e-mail) and Internet websites. Questionnaires which are posted on an Internet website are called Internet surveys or Internet questionnaires (Sekaran 2000:250; Zikmund *et al.* 2010:219). Internet surveys enable researchers to conduct

research on a much larger sample with lower financing needed. Furthermore, researchers do not have to follow-up for missing information (Sekaran 2000:250).

For the purpose of this study, an Internet survey/questionnaire will be chosen as the research instrument to gather the primary data and to operationalise the dependent and independent variables. The measuring instrument will consist of both reliable and valid items sourced from existing tested measuring instruments employed in similar research studies. Some of the items will also be self-generated, based on the secondary literature review. The statements of the measuring instrument will be phrased using a 7-point Likert-type interval scale and close-ended questions.

The research's questionnaires will be accompanied by a cover letter. This cover letter is used to introduce the nature of the research, what it hopes to achieve, to address any ethical issues (confidentiality) and above all to state how it is likely to benefit the respondents. The measuring instrument will consist of four sections. Section 1 will focus on and test the factors influencing the *Perceived successful investment planning* as is illustrated in Figure 1.1. Section 2 will obtain demographic information from respondents. Section 3 will measure the engagement of respondents in investment planning, while the last section, Section 4, will inquire for respondents' comments or suggestions relating to investment planning.

The researcher will make use of a pilot study before the full study will be conducted. Wilson (2010:153) emphasises that making use of a pilot study will help to increase the levels of reliability and validity prior to the main survey. Saunders *et al.* (2007:386) explain that the purpose of a pilot study is to refine the questionnaire, so that respondents will have no problems in answering the questions and there will be no problem in recording the data. In addition, it will enable the researcher to obtain some assessment of the questions' validity and the likely reliability of the data that will be collected. Therefore, a pilot study will be employed to assess the content validity of the research instrument.

1.5.2.4 Data collection

A population is a complete set of cases or group members on which a researcher can draw (Wilson 2010:306). The targeted population for this study will be all women in the

Nelson Mandela Bay area who are older than 20 and are involved in some form of investing. According to Wilson (2010:191), in reality, most researchers have neither the time nor the resources to analyse the entire population. Therefore, a sample frame will help researchers to deduce the list of the actual cases from which the sample will be drawn. Welman, Kruger and Mitchell (2005:57) state that the sample frame is the listing of the accessible population from which a researcher will draw a sample.

In this study, it is therefore important to note that there will be no sample frame depicting its population. The reason is that there are no existing databases available on women investing in the Eastern Cape. Client databases of women who invest are confidential and therefore access to these databases is not possible from banks, financial companies or investment firms. Therefore, the researcher will make use of non-probability convenience and snowball sampling techniques.

Convenience sampling entails obtaining respondents who are most conveniently available (Zikmund *et al.* 2010:298). Snowball sampling refers to the initial respondents being selected by probability methods and additional respondents are obtained from information provided by the initial ones (Saunders *et al.* 2007:607). In other words, the researcher will approach respondents who represent the sample who will be available and willing to participate in this research.

The sample size of this study will be a minimum of 200 women who are older than 20 and involved in some form of investing. The reason being is that MacCallum, Widaman, Zhang and Hong (1999:84) suggest general guidelines which advise a minimum sample size of at least 200 respondents to ease possible errors and gain a higher generalisability level of the results for a quantitative research study.

The source where the researcher will get the sample from is financial and investment institutions, which will be banks, investment firms, financial planning firms, insurance and broker firms. Examples of financial institutions in the Nelson Mandela Bay area are First National Bank, Old Mutual, Sanlam, Standard Bank, Consolidated Financial Planning, Spectrum Group and South City. Together with the respondents listed from these financial institutions' database, research contacts, family members and friends in the Nelson Mandela Bay area will also be requested to identify any suitable respondents who could participate in this study.

1.5.2.5 Data analysis

The collected data will be analysed with the aid of Statistica version 12. Welman *et al.* (2005:9) suggest that quantitative research aims at achieving reliable and valid results. Reliability refers to the consistent and stable measurement of data as well as replicability. Validity is used to determine whether research measures what it is intended to measure, and to approximate the truthfulness of the results. Thus, this study will focus on obtaining reliable and valid results in the data analysis process.

An Exploratory Factor Analysis (EFA) will be conducted to assess the construct validity of the scales measuring the independent and dependent variables respectively, and Cronbach-alpha coefficients will be calculated to assess the reliability of the measuring instrument. Exploratory Factor Analysis is a statistical approach for determining the correlation among the variables in a dataset. This type of analysis provides a factor structure or a grouping of variables based on strong correlations (Zikmund *et al*. 2010:582). In this study, factor loadings above 0.5 will show that the scale is valid. In addition, factors with two items or less than two items loading onto them will be excluded from further analysis (Williams, Brown & Onsman 2010:5).

Cronbach's alpha coefficient is a measure of internal consistency, that is, how closely related a set of items are as a group (Wilson 2010:200). As stated by Zikmund *et al.* (2010:302), a coefficient of less than 0.6 is considered to be unreliable, 0.6 to 0.7 reflects fair reliability, and coefficients of more than 0.7 are considered very reliable. In this study, a Cronbach's alpha coefficient value below 0.7 will be deemed as unreliable.

The data will also be analysed using descriptive and inferential statistics. According to Welman *et al.* (2005:231), descriptive statistics are concerned with the description and summary of the data obtained for a group of individual units of analysis. Descriptive statistics entails measuring mean, median, mode, frequency distribution and standard deviation of the data (Wilson 2010:217). The descriptive statistics will then be presented by frequency tables, bar charts, pie charts and graphs to support the discussions.

In order to test the relationships between the various factors of the study, Pearson Product Moment Correlation Coefficient will be calculated. Pearson Product Moment Correlation Coefficient, also known as Pearson's r or the correlation coefficient, is a

method of inferential statistics used to determine the strength of association between two variables. For the purpose of this study, a correlation of 0.6 or more shows a strong relationship between variables (Collis & Hussey 2003:236).

The proposed hypotheses of the study (illustrated in Figure 1.1) will be assessed by using multiple regression analysis. Multiple regression analysis is a statistical procedure that attempts to assess the relationship between a dependent variable and two or more independent variables (Zikmund *et al*. 2010:581). Therefore, a multiple regression analysis will be performed for this purpose. In addition, with the intention of investigating the influence of various selected demographic variables on the dependent variable, as well as the independent variables of this study, an analysis of variance (ANOVA) will be performed (Burns & Burns 2008:285).

1.6 CONTRIBUTION OF THE STUDY

This study focused on women because the role of women in financial and investment planning has changed over the past few years. The percentage of women entering the work place and contributing to their families' finances have increased, which indicates that they will be more involved in making financial and investment decisions for themselves. Also, most past research mainly focused on the investment planning habits of men, which necessitates more studies focusing on the investment planning habits of women. Thus, the focus of this study was mainly on why and how women make investment decisions.

Most previous research focused on different components of financial planning such as retirement planning or risk management other than investment planning. Therefore, only limited research has addressed women's perceptions of investment planning. Moreover, it is assumed that most women often lack knowledge on investment planning compare to men. By investigating the influence of women's *Perceived successful investment planning,* this study has added to the body of knowledge of investment planning. Based on the empirical results of this study, several recommendations have been made in an attempt to increase women's levels of *Perceived successful investment planning*. In addition, suggestions were made to assist women to make better investment decisions and manage their investment planning more effectively.

There is a dearth of research on financial and investment planning in South Africa and especially is the Eastern Cape. Therefore, this study has added valuable information to the body of knowledge of both financial and investment planning in the Eastern Cape region as well as South Africa as a whole. The suggestions for future research based on the main findings of this study will provide further research attention on financial and investment planning in the Eastern Cape as well as other regions in South Africa.

This research was conducted on a relatively large sample scale which focuses on all women (female investors) in the Nelson Mandela Bay area.

1.7 DEFINITION OF CONCEPTS

With the focus of this research being on financial planning and investment planning, clear definitions of these terms and related concepts are presented.

1.7.1 FINANCIAL PLANNING

For the purpose of this study, financial planning refers to the process of setting up, implementing and monitoring a financial plan with specific goals after assessing any individual's financial circumstances, to help them stay on track to attain their financial goals.

1.7.2 PERCEIVED SUCCESSFUL INVESTMENT PLANNING

In this study, *Perceived successful investment planning* is defined as the degree of satisfaction women experience with the growth, income or profits of their investments that will enable them to stay in control of their finance as well as plan and achieve their financial goals and objectives.

1.7.3 VALUES

For the purpose of this study, *Values* refer to women's personal, family, religious, ethical and cultural values which guide them when investing.

1.7.4 ATTITUDES

Attitudes, in this study, refer to women being comfortable and confident when making investment decisions.

1.7.5 TIME HORIZON

For the purposes of this study, *Time horizon* refers to the knowledge and preference women have of the time horizon (length) of their investments which are less than five years (short-term horizon), between five to 10 years (medium-term horizon) or longer than 10 years (long-term horizon) when investing.

1.7.6 PERSONAL LIFE CYCLE

Personal life cycle, in this study, refers to women being aware that their investment needs, priorities and goals change as they move through different life stages, as well as different age groups; therefore women need to monitor and change their investment planning accordingly.

1.7.7 RISKS AND RETURNS

For the purposes of this study, *Risks* and *Returns* refer to women's awareness of risks and returns as well as their positively correlated relationship (the higher the risk, the higher the return) when investing.

1.7.8 INVESTMENT KNOWLEDGE

Investment knowledge, in this study, refers to women having knowledge of the different types of investment vehicles, knowing the investment length and cost implications of each investment, past investment experiences as well as knowing how/where to obtain help and relevant investment information in making investment decisions.

1.8 STRUCTURE OF THE RESEARCH

The structure of the research will be as follows:

Chapter 1: Introduction to the study

An introduction and the problem statement to the study will firstly be provided in this chapter, follow by the research objectives. The proposed hypothesised model and hypotheses will then be presented. Moreover, a brief introduction of the research design, research methodology, research instrument, data collection and data analysis will be given, follow by the contribution of this study. Lastly, the main concepts and structure of this study will be described.

Chapter 2: The nature and importance of financial planning

This chapter will introduce the financial planning concept. After that, the importance of using financial planning will be discussed. In addition, the challenges women face in participating or managing their financial planning will be presented. The key components of financial planning as well as life cycle of financial planning will also be identified and discussed in detail. Moreover, the different ways of practising financial planning will be given. Lastly, various regulatory bodies in the financial planning industry in South Africa will be presented.

Chapter 3: Investment planning process

This chapter will first contextualise the investment planning concept. The reasons which prevent women from engaging in investment planning will then be elaborated on. After that, the focus will be on the importance of investment planning, and the investment planning process will be described. The hypothesised model as well as dependent and independent factors of the study will also be identified and presented in detail. Lastly, the influence of selected demographic variables on investment planning will be provided.

Chapter 4: Research design and methodology

Chapter 4 will firstly focus on the research design concept, a comparison between the positivistic and phenomenological methodologies will then be presented. The adopted research methodology will be explained in detail. After that, the research methods available of the chosen research methodology will be provided and the selected research method will be motivated and discussed. The secondary and primary data collection will also be explained. Discussions on the population, the sampling techniques, administration of questionnaires, operationalisation of each variable and

response rates will also be discussed in detail. Lastly, the chosen data analysis techniques will be elaborated on.

Chapter 5: Empirical results

The collected primary data will be analysed in this chapter. The background of respondents will firstly be described. After that, the validity and reliability analyses of the measuring instrument will be presented, following by the results of descriptive statistics. The revised hypothesised model and hypotheses will also be provided. In addition, The results of the empirical assessment of the influence of the independent factors on the dependent factor of the study will then follow. Lastly, the influence of particular demographic variables on the independent and dependent variables will be explained, follow by additional remarks by respondents.

Chapter 6: Summary, conclusions and recommendations

A summary will be given on the literature review and the most important findings will be highlighted. Interpretations and recommendations based on the findings will also be provided. In addition, the contributions and possible shortcomings of the study as well as suggestions made for future research will be discussed. Lastly, concluding remarks will conclude this chapter.

CHAPTER 2
THE NATURE AND IMPORTANCE OF FINANCIAL PLANNING

2.1 INTRODUCTION

Women are seen as financially more vulnerable than men for many reasons (Eikmeier 2007:206). Savage (2008:30) is of the opinion that the only way women can become more confident and financially independent is by making use of financial planning. Financial planning is a necessary and unique process that can assist women in creating proper plans which cover all aspects of their finances from daily budgeting, tax, risk management and investment to retirement and estate preparations (Warschauer 2008:3). By practising it, women can reduce the stress that is created by financial insecurity and uncertainty (McRae, Benton, Burns, Royal, Smith & Wallace 2010:72).

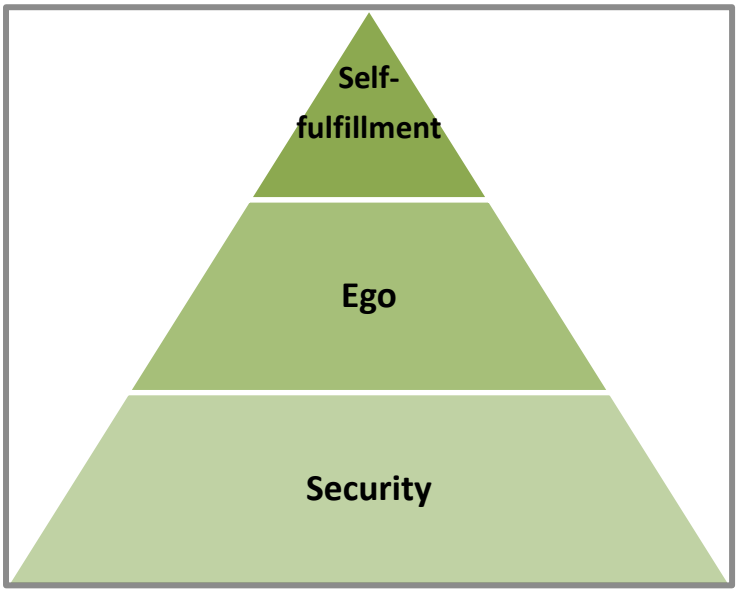
However, most women have not been able to apply or make the best use of proper financial planning in managing their finances (Wood 2012:35). A possible explanation for this may be that women generally do not understand the true nature of financial planning theory, or the benefits it offers (Lusardi & Mitchell 2008:416). Most women also tend to hand over their responsibilities of taking care of their finances to their partners (Hawes 2013:21). As a result, women neglect making significant long-term financial decisions such as retirement or estate planning during their financial life cycle or are uncertain of how to practise financial planning effectively (McRae *et al.* 2010:72). Hence, this study aims to assist women to gain the necessary information on the nature and importance of financial planning.

The first section of this chapter focuses on contextualising financial planning. After that, importance as well as the challenges of financial planning to women will be discussed. The key components of financial planning will also be identified and described. A brief introduction on the financial planning cycle and how to conduct financial planning in practice will be given. Lastly, the roles of different regulatory bodies in the financial industry will be explained.

2.2 CONTEXTUALISING FINANCIAL PLANNING

Robinson (2000:8) suggests that the theory of financial planning is based on four aspects of neo-classical economics, namely utility maximisation, goal-directed planning, risk management and the family life cycle. The author views financial planning as a goal-orientated process to assist individuals or families to achieve desirable financial targets. In addition, Evensky (2005:16) and Opiela (2004:39) state that besides focusing on obtaining certain goals and returns, financial planning also focuses on individuals' values. Over the past decade, values-based financial planning as a financial planning approach, has emphasised that the accomplishment of a client's life plans, dreams and personal values is more important than the strategic pursuit of wealth creation. This approach takes an integrative and holistic view of a client's financial and non-financial priorities. Figure 2.1 illustrates a values-based financial planning approach.

FIGURE 2.1: A VALUES-BASED FINANCIAL PLANNING APPROACH



Source: Adapted from Knight 2010:9 and Yeske 2010:41

Yeske (2010:41) explains that a values-based financial planning approach can be seen as a triangle when asking individuals about the reasons for the goals they have. The first triangle is security which may relate to having enough money to buy food or pay rental. The second triangle is ego which is being able to enjoy a particular personal lifestyle. The third triangle is self-fulfilment which is what defines a satisfying life to individuals. When reaching the third stage, people often become enthusiastic about

seeing how to balance and prioritise their goals in both life and finance (Knight 2010:9). Therefore financial planning occurs when people progress through the various triangles.

According to Gitman, Joehnk and Billingsley (2011:7) and Collins (2009:67), financial planning is a systematic process that considers the important elements of an individual's financial affairs and is aimed at fulfilling his or her financial goals. Similarly, Garman and Forgue (2003:5) define financial planning as the development and implementation of coordinated and integrated long-term plans to achieve financial success. Financial success is the achievement of financial aspirations that are desired or planned, which is defined by the individual or family that seeks it. Financial planning is unique to each individual or family and it should take into consideration all aspects of financial activities as the individual or family moves through life.

Bajtelsmit and Rastelli (2008:2) assert that financial planning does help individuals not only to reach financial goals but also to enhance their financial well-being, and to prepare them for financial crises. Therefore, financial planning is the process of creating and applying a comprehensive plan designed not only to meet financial goals but also to improve financial well-being and to prepare for financial emergencies. Kahler (2007:4) and Irving (2012:50) note that financial planning is the combination of external financial issues (such as retirement or estate planning) and internal financial issues (such as thoughts, feelings and beliefs about money) which guide people in a goal-orientated and systematic way towards the achievement of preferred outcomes by financial means.

For the purpose of this study, financial planning refers to the process of setting up, implementing and monitoring a financial plan with specific goals after assessing any individual's financial circumstances, to help them stay on track to attain their financial goals.

2.3 THE IMPORTANCE OF FINANCIAL PLANNING

Hallman and Rosenbloom (2003:5) highlight that people (or clients) often fail to do financial planning for many reasons. They often feel that they do not have enough assets or income to warrant planning, or that their finances are already being taken care of. There is also a natural tendency for busy people to delay the process of planning

because it is time consuming. In addition, some people may be discouraged by the perceived high cost associated with financial planning services.

Despite there being understandable reasons why people neglect to conduct financial planning, the costs of failing to do so can be high. A family may be unprotected or poorly protected in the event of personal tragedies such as death, disability, serious illnesses or prolonged unemployment. In addition, there may not be sufficient funds set aside for education and retirement. Failure to properly diversify an investment portfolio can result in considerable losses. Further than that, a person's own objectives in life may not be realised. These objectives may include the ability to change jobs, pursue educational opportunities, travel or retire early (Hallman & Rosenbloom 2003:5).

Therefore, Jadhav (2010:12) recommends that individuals should engage in financial planning at an early life stage if possible. The reason is that the number of a person's working years is generally less than his/her physical life span. This means that people will be spending approximately the same number of years in retirement as they have spent in their active working life. Consequently, it becomes important for a person to save and invest while still in employment, in order to continue to earn a satisfying income and enjoy a comfortable lifestyle after retirement (Cooper 1990:47).

Financial planning gives direction and meaning to people's financial decisions. It shows how each financial decision an individual makes affects other areas of their finances. For instance, decisions made on how assets should be distributed to the family after death will influence the tax and estate planning conducted (Winger & Frasca 2006:7). By viewing each financial decision as part of the whole, one can consider its short and long-term effects on a person's life goals. As a result, the person can also adjust more easily to life changes and feel more secure that the set goals are on track (Boone 2011:22; Jadhav 2010:8).

According to Gitman *et al.* (2011:2), people have different viewpoints on what constitutes a high standard of living or a good life. To some, it may be having a home in a specific city, being debt free, driving a certain type of car, taking luxury trips or owning a huge investment portfolio. Whatever people desire, all these decisions require sound financial planning to transform financial goals into reality. Financial planning assists individuals to identify financial goals and create suitable strategies to achieve them.

Creating flexible plans and being able to modify them, are the key to building a good financial future (Warschauer & Sciglimpaglia 2012:197).

As a result of planning, individuals start taking control and achieve more satisfaction from their financial resources, which will eventually also improve their standard of living. In addition, individuals will have sufficient flexibility to deal with contingencies such as illness, losing a job and other financial crises. Of course, planning alone does not guarantee success, but having an effective, reliable plan can help people to use their financial resources wisely (Boone 2011:22; Irving 2012:50).

Until recently, South African women have been reluctant to take responsibility for their financial planning which includes, but is not limited to, investment planning, income tax planning, education planning, personal financial management, retirement planning, estate planning and risk management (Burn 2011:2; Chene, Gold & Gramlich 2010:49). One of the main reasons for this state of affairs is that women tend to believe that either their current partners or future husbands will take care of their financial needs. Most women only realise that they should have taken planning for their future more seriously when a life crisis such as a divorce occurs, or even living for a long time after retirement (Wood 2012:34).

Stuart (2008:2) points out that, to any married couple, the benefit of a joint financial plan is that it provides a perfect prospect to transform short-term hardships into long-term successes. It gives both parties the opportunity of shared responsibility for the future growth of their partnership and family. However, by ignoring the importance of financial planning, women not only fail in making their finances work for themselves, but also fail in establishing and maintaining strong relationships with their partners by discussing sensitive topics such as finance. In many divorce cases, there is evidence that one of the fundamental reasons for the failed relationship is financial issues (Preller 2012:2).

A survey conducted by the South African insurance company, Old Mutual, showed that among the participants who were women with children, the majority (56%) were single mothers. In addition, about half of the single mothers did not obtain any financial support from the fathers of their children (Stuart 2008:2). For these single mothers, their incidence of holding life assurance, retirement annuities, short-term insurance and medical cover was well below the average for the metropolitan working population (Arde

2012:9). Hence, it is crucial that single mothers have a plan in place to make sure that their financial future is protected. It is often very complicated to do future planning when month-to-month financial survival is vital, but setting goals and being able to accomplish small financial goals can adjust a woman's financial attitudes and assist her in personal financial growth (Marsden 2012:1).

Research by Arde (2012:9) indicates that women tend to live longer than men by 8 to 10 years. Consequently, Lusardi and Mitchell (2008:413) emphasise that women have a higher risk than their male counterparts of outliving their retirement savings if they do not do proper retirement planning. In addition to the risk of lacking a retirement income, women also face the risk of potential additional expenses on healthcare close to or after their retirement. The reason is that if one lives past 70 years (very possible for women as they have higher life expectancy than men), the likelihood of experiencing a serious disease increases dramatically (Burn 2011:2). Therefore, it is important for women to engage in doing comprehensive financial planning which covers all important areas of their finance. Only by doing so will women obtain financial independence and be able to secure their standard of living or lifestyle throughout their life cycle (Hawes 2013:21; McCrea 2012:68).

2.4 THE CHALLENGES TO WOMEN OF FINANCIAL PLANNING

Although there are many advantages which financial planning provides to women as mentioned in the previous section, it is important to note that certain components of financial planning still provide challenges to women. Apart from investment (which will be discussed in Chapter 3) and personal financial planning (which has been discussed in Section 2.3), the following components of financial planning will be considered in this section: business financial planning, risk management, retirement planning and estate planning.

Female business owners often face several obstacles in managing their businesses (Department of Trade and Industry 2005:6). While all entrepreneurs are faced by challenges, women often have additional problems that their male counterparts are less likely to meet, such as a greater demand on their time, resources and energy from family pressures (Female Inspiration 2012:10). In addition, women usually lack the resources to ensure the business's success, such as human capital (formal and

occupational experience of business owners) and entrepreneurs' ability to access resources in the environment (capital, suppliers and customers) (Rasego 2011:2).

According to O'Neill and Viljoen (2001:39), human capital is built through investment in education and training. However, women have been hampered in gaining sufficient levels of human capital (or valuable business experience) owing to social and cultural forces. Moreover, women have difficulty obtaining financial resources or support because of gender discrimination and a lack of trust in women's ability to run businesses. Thus female entrepreneurs generally have less access to human and financial capital and personal time for the management of their businesses.

South African women face some specific risks such as earning, longevity, and medical expense risks more often than men, which makes risk management quite a challenge for them. Firstly, earning risks for women are higher because of the low salaries they earn compared to men, as well as interrupted working life from commitment to motherhood (Cohen & Moodley 2012:10). Besides high earning risks, women also have higher longevity risks than men. The first reason is that because of family care obligations women spend fewer years at work than men, reducing the period in which they can save and prepare for retirement (Burn 2011:2). Women also fail to take ownership of their long-term financial planning such as retirement plans, because they tend to rely on their partners or husbands, which was mentioned in Section 2.3.

In addition, women risk paying more medical expenses than men owing to obesity and HIV infections. The overall prevalence of obesity in South Africa is high, with 56% of women compared to 29% of men being obese (Goedecke, Jennings & Lambert 2006:65). Obesity is catergorised as a chronic disease of lifestyle which results from exposure to unhealthy diets, smoking, lack of regular exercise and possibly stress. Obesity also leads to a higher risk of developing type II diabetes, heart problems, hypertension, cancers and psychological implications (Bradshaw, Steyn, Levitt & Nojilana 2011:4; Goedecke *et al.* 2006:69). As a result, women who are obese need to plan for additional expenses for possible illnesses and diseases related to obesity.

South Africa has the largest burden of HIV/AIDS prevalence in the world. The South African HIV Survey in 2008 found that women between the ages of 15 and 39 have HIV more than men in the same age group by 32.7% compared to 25.8% (Mbelle, Van Zyl,

Parker, Zungu & Pezi 2009:30). The extent to which women are able to control various aspects of their sexual lives is limited by specific social factors such as the high rate of rape, the unfavourable economic position of women (lower pay and lower job positions) and the inability to insist on sexual protection (Ackermann & De Klerk 2002:163). Daar and Marks (2012:24) explain that HIV infection is generally a slowly progressive disease in which the virus is present throughout the body at all stages together with flu, unusual infections or cancers, severe loss of weight and intellectual deterioration. Hence, the possibility of paying more medical expenses to treat HIV/AIDS is higher for South African women than for men.

According to Trewin and Curatola (2010:70), it is a fact that women are less financially strong in retirement than men. They found several reasons for this, namely later entrance into the workforce, interruptions in working life, lower wages, lower savings and longer life expectancy for women. The biggest obstacle for South African women in saving for their retirement is lower salary owing to gender inequalities at work. The gender wage gap is evident as women tend to receive average monthly earnings of R2 340 or approximately 77% of the R3 033 average earnings of their male counterparts. These obvious wage differentials continue regardless of the educational advances of women and are seen at all levels of employment. There is a direct relationship between low wages and poverty, according to a previous study of the average monthly income for households (Cohen & Moodley 2012:12).

Research conducted in South Africa by the insurance company Old Mutual has found that women with children feel particularly dependent on their partners and fear not being able to manage financially if their partners were to leave them (Arde 2012:9). Divorce is an emotionally challenging experience and also a financial catastrophe in most cases. The expensive legal costs and the long-term financial effects of separating assets and investments during a divorce are often not given proper consideration by the parties involved (Beere 2009:10). The published statistics on South African divorces indicate that the number of settled cases has been varying between 37 098 and 28 924 annually in the past decade (from 1999 to 2008). The distribution of couples divorcing by population group shows that the proportions of divorces from the mixed and the African groups have been increasing while those of the White group has been declining in the past ten years (Preller 2010:30).

Preller (2010:30) asserts that even though divorces are emotionally and financially tougher on women, the 2008 data on divorce cases showed that there were more female (50.6%) than male (37.8%) plaintiffs. In these cases, the use of prenuptial contracts becomes an advantage for women in order to protect their estate and the hard-earned money they obtained before and even during the marriage. The reason is that a prenuptial agreement is a legal contract entered into prior to marriage and usually consists of provisions for how property and assets are to be divided as well as spousal support given if a divorce occurs at later stage. Moreover, these contracts will protect wives from husbands' debts and vice versa (if applicable) (Gentry 2009:16).

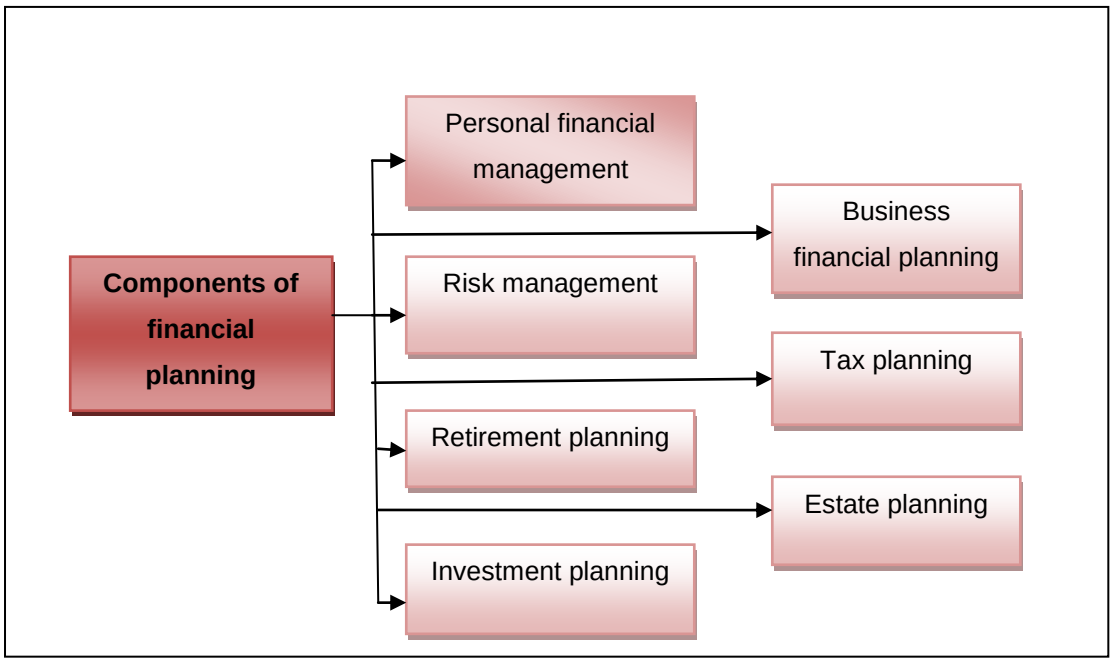
The 2008 study by Old Mutual also confirmed that the pattern of remarriages among husbands was fairly similar to that of wives. Approximately 9% were second-time divorces and about 2% were third-time divorces for both husbands and wives (Preller 2010:30). Findings of Banda's research indicate that being part of the blended family (referring to re-marriage with children from previous relationships) is challenging, especially for women. They experience being mistreated and estranged, and suffer from interference by ex-spouses, disruptive behaviour of stepchildren, and relationship tension between husband and wife. For these reasons, women in a blended marriage often experience emotional distress and uncertainty in their remarriages (Banda 2012:1).

An important aim of estate planning is also to protect dependants (who in most cases are children) in the event of divorce or death of parents. On the average there are between one and two children per divorce in South Africa (Preller 2010:30). Furthermore, there are an estimated 1.4 million children between less than one year and 17 years of age who are orphans and have to take responsibility for their households from a young age resulting from HIV/AIDS (Thom 2008:9). Given that the risk of South African women dying from outside causes is higher than for men, women need to draft wills and trusts to make sure that the benefits of minor children and surviving spouses are protected. A trust which is created during a person's lifetime will allow growth to accumulate outside their estate, and assets in the trust can be protected against creditors (Hirsch 2011:13).

2.5 KEY COMPONENTS OF FINANCIAL PLANNING

According to Winger and Frasca (2006:8), there are seven components which comprise financial planning. Figure 2.2 illustrates the main components of financial planning.

FIGURE 2.2: KEY COMPONENTS OF FINANCIAL PLANNING



Source: Adapted from Winger and Frasca 2006:8

The seven key components of financial planning are: personal financial management, business financial planning, risk management, tax planning, retirement planning, estate planning and investment planning (Winger & Frasca 2006:8). Each component will be discussed in the following sections.

2.5.1 PERSONAL FINANCIAL MANAGEMENT

Oladipo and Clovey (2008:66) explain that personal financial management, also known as cash flow and liability management, assists individuals in managing and improving personal cash flows by debt and lifestyle management. Bajtelsmit and Rastelli (2008:75) also state that personal financial management involves taking control of personal cash flows and financial credit to achieve a desirable standard of living. Cash flow management includes making decisions related to cash payment and short-term liquid investment (for example in deposits or savings accounts). Liability management helps

an individual in gaining an understanding of different types of consumer credit and the advantages and disadvantages of using credit cards.

Budgeting is used in order to manage the cash flow effectively by setting up specific goals with all necessary expenses to follow up, monitor and adjust on a weekly or monthly basis (Anderson 2013:55). The lack of money management is a major concern and is associated with the accumulation of financial debt among young adults (Knight & Knight 2000:61). However, research from Heath and Soll (1996:40) has indicated that making use of budgeting can reduce the likelihood of financial debt and assist individuals in managing own personal finance more effectively.

As was discussed earlier in Section 2.3, women in general and single mothers in particular are vulnerable regarding personal finances, and that proactive personal financial planning is critical. Therefore it is vital to understand the importance of personal financial management as well as the consequences of neglecting it.

2.5.2 BUSINESS FINANCIAL PLANNING

According to McConnell (2012:19), elements that play a major role in achieving success in business financial planning are business protection and business succession planning. Business protection refers to a structural safeguard, which means that business owners should know the different type of business structures such as sole proprietorships, partnerships, close corporations, companies and business trusts, because different business entities expose owners to different levels of liability (Botha *et al*. 2010:959). Many companies understandably start out as sole proprietorships because they are easy to set up, but this structure leaves the owner fully liable for any legal action taken against the company. As the business grows, so do its liabilities, and owners may do well to form a corporation, which often provides the best combination of liability and flexibility, depending on the situation (Nersesian 2006:109).

Business protection also includes business risk management, which is the management of possible catastrophic losses which could stop the business forever (Fikry 1967:122). Business risks refer to possible reductions in business value from internal risks (arising from events taking place within the organisation) and external risks (arising from events taking place outside the organisation). Pure risk is the type of business risk which

business owners often try to manage. Pure risk results from damage to assets, legal liability, worker injury and employee benefits (Harrington & Niehaus 2003:4). Business insurance can be taken out to shield the business or key employees, should unforeseen events happen to the business. Business insurance can be acquired to cover nearly every facet of the business to avoid financial collapse or bankruptcy (Nersesian 2006:109).

Life and disability insurance, workers' compensation insurance and health insurance are important aspects to consider for employees (McConnell 2012:19). Businesses often provide life and disability coverage to employees as a fringe benefit, and for business purposes, collateral for a loan or to mitigate the loss of a key person. If a business employs three or more employees, workers' compensation insurance must be offered. Health insurance premiums have become a major expense for business owners, but there are ways to keep costs under control and still offer this important benefit to employees (Fikry 1967:122).

Succession planning primarily focuses on decisions about the form of ownership and the operation of the business, including its eventual transfer to the next generation, a third-party buyer, or a group of employees. Owners of closely held and family businesses are often too focused on day-to-day challenges and thus fail to plan for the eventual transfer of the fruits of their labour to their families. In other words, they neglect succession and estate planning. In doing so, they jeopardize the future of their business, as well as the financial security of their families. Effective business succession planning establishes who will run the business after the owner or a cofounder retires or dies, and how ownership will be transferred (Sherman 2005:25).

It was previously stated (see Section 2.4) that female business owners face more problems than men in starting and managing their business owing to the lack of necessary skills, time and financial resources. Therefore it is crucial for women to focus on how to overcome their own challenges and manage the business in general, as well as focus on doing financial planning of their business.

2.5.3 RISK MANAGEMENT

Harrington and Niehaus (2003:5) state that there are two main types of risk, namely business risk and personal risk. Business risk is the risk of losing business value from any source, while personal risk is the risk faced by individuals and families. In this section of the study, personal risk will be focused on because business risk has been addressed in Section 2.5.2. Personal risk can be classified into six categories, namely earning risk, medical expense risk, liability risk, physical asset risk, financial asset risk and longevity risk (Mashruwala 2009:6).

Earning risk refers to the possibility of someone losing an income from causes like death or disability (Cooper 2002:100). Medical expense risk is the risk of paying in case of unexpected serious diseases, while liability risk occurs when an individual is being sued and held liable for damages caused to someone (Du Preez 2012:3; Sneddon 2011:15). Individuals may also have to deal with loss in the value of a physical asset due to loss or theft (Harrington & Niehaus 2003:5). Financial asset risk refers to values of financial assets like bonds or shares which may be subjected to changes of inflation and changes of actual values (Selengut 2010:7). Longevity risk is the possibility that retirees will use up all the financial resources (such as pension or provident funds or retirement annuities) available to them at post-retirement (Antolin 2007:3).

The possibility of women having to face particular types of risk such as earning risk, or longevity and medical expenses is higher than for men, as discussed in Section 2.4. Hence, it is very important to understand the potential risk women may have and how to prevent and manage those risks properly.

2.5.4 TAX PLANNING

Tax is one of the major expenses in anyone's finances (Winger & Frasca 2006:8). The goal of tax planning is to minimise tax liabilities and free up cash flows for other purposes. Swart (2002:68) and Hoffman (1961:274) advise that knowing the basic rules of different types of taxes enables people to complete their tax return and know how to get the most tax reductions. A tax deduction is a reduction of a taxpayer's total income that decreases the amount of money used in calculating the tax due. Essentially, it is a break granted by the government that reduces taxes by a percentage which is

dependent upon the income bracket of the taxpayer (Mercadante 2011:6). These tax deductible expenses are limited to deductions for business travel against car allowance, certain medical expenses and contributions, charitable contributions and retirement annuity funds (Netto-Jonker 2006:20).

Income tax is the most common tax which people who receive any form of employment income will have to pay at the end of the financial year (SARS 2012:1). Out of the total of over 50 million people in South Africa, there are 4.7 million people who are registered taxpayers for the 2010/2011 tax year. However, approximately only 3.2 million taxpayers were responsible for payment of 99% of all income tax in 2010/11. This shows there is a greater disparity between the number of people who pay tax and the total population than is evident. From this assumption, it seems that 1.5 million taxpayers fall into the low income category (Joubert 2012:4).

South Africa's tax legislation contains a host of rules that taxpayers are required to comply with. Non-compliance can and usually does result in punishment in the form of penalties, additional tax, fines and, in certain circumstances, imprisonment (Don't mess with Revenue 2006:101). It is important for businesses and individuals to know what revenue is allowed to do to those who do not comply with the tax law, and also to know what types of action or inaction constitute non-compliance. Penalties are usually imposed for late payment of tax (Dachs 2009:86; Louw 2010:9).

No previous research was found on how South African women manage their tax planning. Therefore, there is no specific evidence on any challenges of tax planning which are more troublesome to women than men.

2.5.5 RETIREMENT PLANNING

According to Arthur (2012:4), planning ahead for retirement is another important element of drafting an adequate financial plan. Retirement planning provides financial steadiness for individuals once they reach retirement age, who cannot or do not desire to work any longer. Retirement planning is a process of understanding how much the cost of living will be based on a person's expected living expenses. Although the suggestions vary as to the amount of money one should set aside for retirement, it is important for those in their income earning years to contribute as much as possible to a

retirement fund. Retirement funds can be maintained through employees and/or employers, investment firms and brokerage institutions (Gouws 2011:2; Winger & Frasca 2006:8).

The most common way of starting retirement planning is to take part in a pension or provident fund which is provided by some businesses as a fringe benefit to employees (Swart 2002:368). Individuals can also invest in retirement annuities or use other appropriate investment vehicles to help them build up self-retirement funding (Stokes 2011:13). Retirement planning will vary from individual to individual owing to different financial situations available and particular phases in the human life cycle. Individuals should be aware that developing an appropriate retirement plan for each life stage is a vital element in ensuring that enough money is saved and invested for retirement. This will guarantee that adequate capital is accumulated in order to supply the required income during retirement (Gouws 2011:2). It is also important to individuals to start planning for retirement at the earliest possible stage (Stokes 2011:13).

The longevity risk of outliving one's financial resources is the ultimate retirement fear; however, diminishing lifestyle and disappearing legacy risks are more likely to occur (Lynch 2007:27; Prior 2012:9). Therefore people need to make a list of things and activities that are important for them to have the lifestyle that they want at retirement. This list will help them to arrive at an annual or monthly income to ensure that the chosen lifestyle can be followed (Teal 2012:5). A rule of thumb is that retirement expenses will be 75-85% of pre-retirement income because costs such as housing, food, transport, taxes, mortgage and other debt will decrease, if not disappear (Udo 2012:3). However, people should bear in mind the possibility of paying extra healthcare expenses, as the risk of getting a serious disease or having to use nursing homecare is higher for persons over the ages of 60 or 70 (Sikula, Sikula & Olmosk 2012:48; Teal 2012:5).

Financial planning industry research illustrates that fewer than 10% of retirees attain a position of complete financial independence. Most retirees rely on government, the community and/or family and friends for extra financial support to a greater or lesser extent. During retirement, many reasons exist for the current retirement planning predicament in South Africa. Increased levels of unemployment, the higher cost of living and lower remuneration have prevented individuals from improving their ability to save

in recent years (Stokes 2011:13). In addition, South Africans are generally lifestyle-orientated and often take on debt in order to finance luxury expenses. Thus lifestyle expenditures, together with a change in demographics, have resulted in debts as a percentage of disposable income rising rapidly from around 50% in 2002 to close on 80% in 2011 (Gouws 2011:2).

As was previously discussed in Section 2.4, women in general are more vulnerable at retirement as the results of inability or delay in managing their retirement planning effectively at the earlier stage of their life. Therefore it is essential to understand the importance of retirement planning, as well as how to set it up, as soon as possible.

2.5.6 ESTATE PLANNING

Oglesby (2007a:18) states that estate planning is the process of considering alternatives and making legally effective preparations that will meet individuals' wishes in case something happens to them or the people around them, such as spouses and children. Estate planning prepares for the administration and disposition of an estate when the owner dies. It does not consist simply of drawing up a will and setting up trusts; it also minimises estate taxes and fees by passing property to heirs before death, and lays down an individual's wishes regarding healthcare or funeral arrangements (Moy 1995:14).

The failure to plan for what will occur upon the event of death can result in significant hardship, both personal and financial, for someone’s dependants (Allen 2007:21). A person's estate includes real estate, cash, bank accounts, stocks and bonds, jewellery, automobiles, employee benefits (in pension funds) and anything else that the person owns and controls. Estate planning is a process usually carried out by a group of skilled professionals that may include an attorney, an accountant, a life insurance agent, a trust officer, and a financial planner (De Klerk 2007:64).

It is important to note that estate planning involves circumstances when estate owners can no longer implement their estate plans by themselves. Thus, it is essential to do estate planning at an early stage of life, and to seek advice from experts if needed for financial and legal considerations. The person’s unique situation will determine whether a basic or an inclusive estate plan is needed (Swart 2002:90). Many people make the

mistake of believing that once they have established an estate plan, they are set for life, but this is not the case. It is necessary to revisit the estate plan each time a person has a major change in circumstances, for instance a divorce, re-marriage, birth or adoption of a child, or changing jobs. Therefore it is advisable to assess estate plans annually (Bajtelsmit & Rastelli 2008:405).

Beere (2006:3) suggests that it is necessary to look at the matrimonial property regimes and their implications for estate planning when getting married. According to South African law, couples may be married under three types of contracts: in community of property, out of community of property (subject to the accrual system) and out of community of property (not subject to the accrual system). If no prenuptial contract is entered into, a marriage will automatically be in community of property. The assets of both spouses will be united into one common estate and each spouse will have a claim to half the estate on the termination of the marriage (due to death or divorce). This is regardless of the input of each spouse throughout the continuation of the marriage (Marital property regimes in terms of South African law 2009:2).

The second type of marriage contract is out of community of property with the application of the accrual system (Cohn 2010:32). Under the accrual system, each spouse keeps his/her own estate from before marriage independently. Upon death or divorce, the spouse whose estate has a smaller accrual or expansion from the start of the marriage will have the right to claim against the other spouse's half of the difference in accrual of the estates of both spouses. The intention behind the accrual system is that each spouse should share in the estate growth which was achieved during the marriage. Therefore this system is ideally suited to couples in situations where one of the spouses relies on the income of the other (Beere 2006:3).

Couples may also marry by the third type of marriage contract, namely out of community of property without the application of the accrual system (Jooste 2005:38). In this case, each spouse's estate before and after marriage will be kept separate. For that reason, in the event of divorce or death, no claim can be made on one spouse's estate by the other. This arrangement is preferable for couples who have built up significant estates in their own name, as well as in cases where either of the spouses depends on the other spouse's income (Marital property regimes in terms of South African law 2009:2).

It was previously discussed in Section 2.4 that women should obtain general knowledge about estate planning to protect themselves and their dependants from the risk of divorce or death. Women will put themselves and their dependants into unwanted situations if they do not make use of estate planning.

2.5.7 INVESTMENT PLANNING

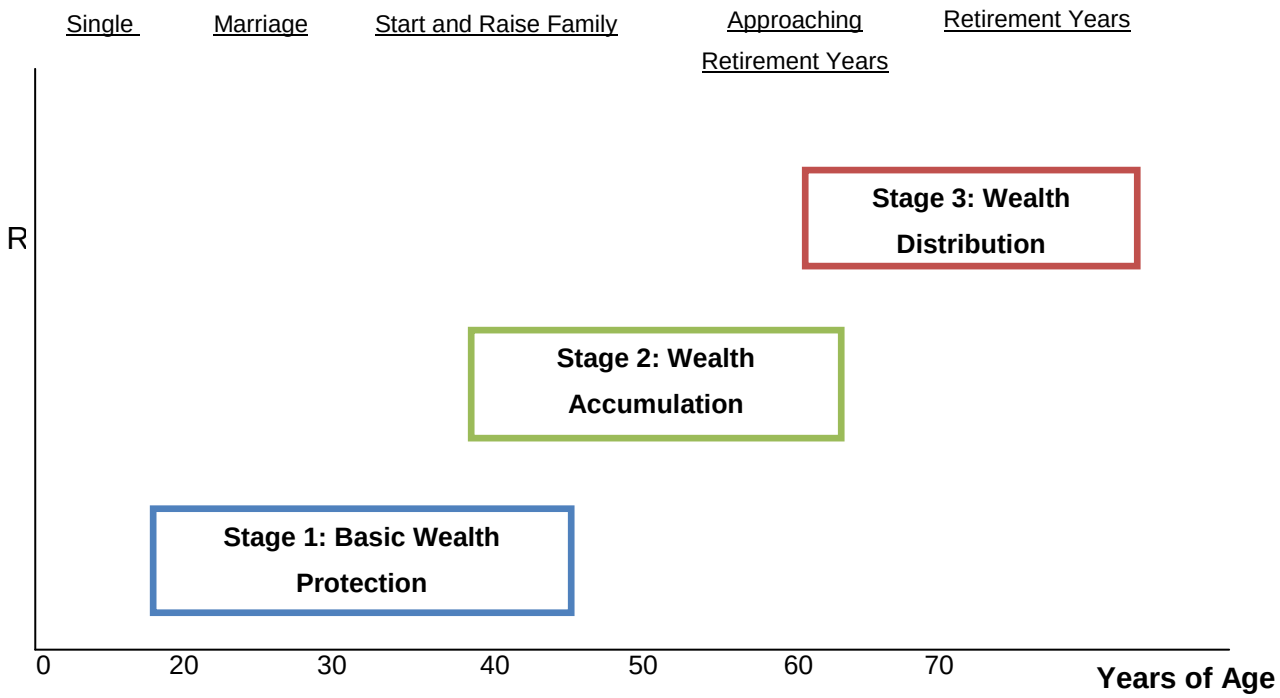
Investment planning is another critical component of a financial plan. By investing, individuals can get their money working for them and bring in a return in addition to what they earn from working. Individuals should set up investment goals as part of their financial plan. They should determine how much they want to invest and what the size of the investment portfolio eventually should be. Therefore investment planning means planning, developing and administering capital accumulation to create future capital and cash flows for reinvestment and expenditure (Winger & Frasca 2006:8). Investment planning will be discussed in detail in Chapter 3.

2.6 THE LIFE CYCLE OF FINANCIAL PLANNING

Jitendra (2010:12) maintains that although people set specific financial goals throughout their life cycle, the primary objective should always be to plan in advance for contingencies that can happen during each stage of life, for example, taking a new job, entering into a marriage or getting a divorce. Financial planning assists in creating a well-managed and balanced financial strategy at the initial stage of an individual's life cycle. The advantage of doing so is that when individuals reach a more advanced life stage when they grow older, they will be able to overcome the potential situations or problems which may occur then (Wahlgren 2006:36).

There is a typical financial life cycle pattern that applies to most people. A life cycle is defined as a series of stages people pass through during their lifetime. The amount of time it takes to move through the financial life cycle varies from one individual or household to another. The financial life cycle is presented in Figure 2.3 (Jitendra 2010:12; Life cycle of financial planning 2010:4).

FIGURE 2.3: LIFE CYCLE OF FINANCIAL PLANNING



Source: Adapted from Life cycle of financial planning 2010:4

The financial life cycle outlined in Figure 2.3 gives three stages, namely basic wealth protection, wealth accumulation and wealth distribution. Each stage will now be discussed.

2.6.1 STAGE 1 - BASIC WEALTH PROTECTION

Basic wealth protection is the stage when an individual normally starts earning money, continues education, starts a job or career and/or starts a family. During this stage she/he should be focusing on building financial security (Life cycle of financial planning 2010:4). At this stage, many people find themselves in financial stress because of debt. Therefore each individual should be creating their own financial plan. The first objective should be to avoid too much credit (such as credit cards) and personal debts. The individual should start creating an emergency fund which will help during any unforeseen events like job loss. In addition she/he can start contributing to long-term savings as well as pension or provident funds. Once married, the financial care of family should be included and therefore be added to the financial plan (Rigg & Sefton 2006:421).

2.6.2 STAGE 2 - WEALTH ACCUMULATION

The second stage goes beyond financial security as the individual has reached peak earning years, is accumulating wealth and is approaching retirement. At this stage, the individual's responsibilities have also increased (Wilson & Droms 2009:52). It is necessary to save excess income for young children's future (if applicable). The person should contribute the maximum to pension or provident funds and even to retirement annuities to create sufficient funds for retirement. People must also keep their investments in growth assets which provide maximum returns in the long term (Jitendra 2010:12).

2.6.3 STAGE 3 - WEALTH DISTRIBUTION

The last stage involves the consumption of wealth, usually during retirement. This is the stage when people's earnings are at their peak, as their families are becoming independent. They should pay off all debts as they are reaching retirement (Life cycle of financial planning 2010:4). During this stage, people will usually have to prepare to distribute assets among the family. Therefore they should reconsider their asset allocation and start the transition from high-risk investments to low-risk investments. Since post-retirement individuals may not have a regular income, they ought to start evaluating their financial options. The pension or provident fund, retirement annuity and other investments especially drawn-up for retirement, should be ready to give them the benefits they desire (Jitendra 2010:12; Rigg & Sefton 2006:421).

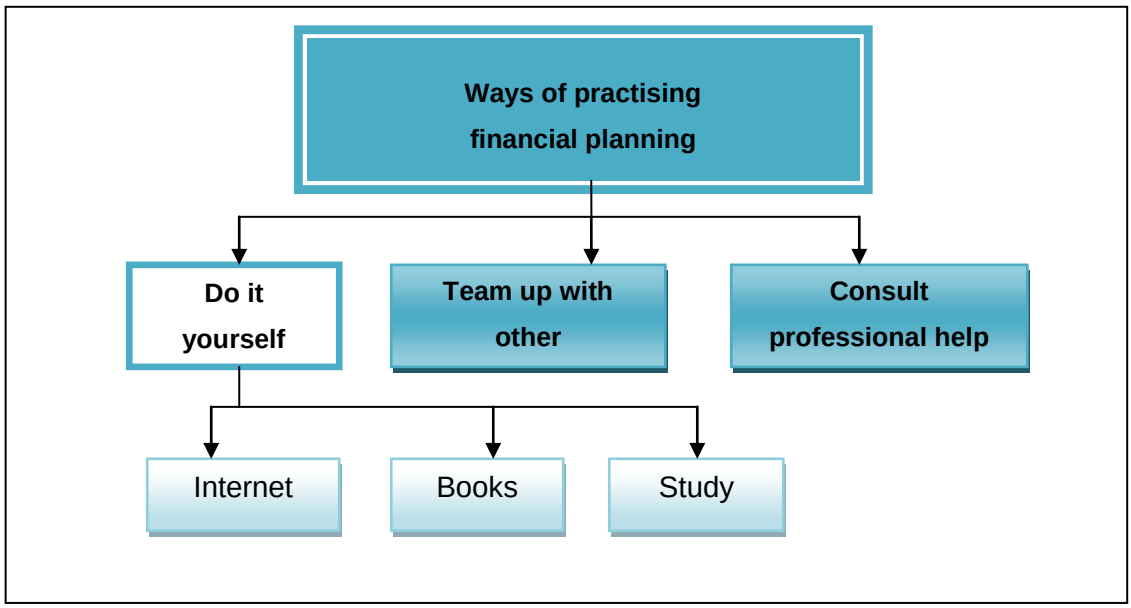
2.7 FINANCIAL PLANNING IN PRACTICE

The ways of practising financial planning will be discussed before different types of financial planning representatives are identified. Following this discussion, the criteria for selecting a financial planner will be provided. Lastly, the advantages and disadvantages of using a financial planner will be discussed.

2.7.1 WAYS OF PRACTISING FINANCIAL PLANNING

Anyone can practise financial planning by her/himself, teaming up with others or getting professional help. Figure 2.4 demonstrates different approaches that an individual can follow to carry out financial planning.

FIGURE 2.4: WAYS OF PRACTISING FINANCIAL PLANNING



Source: Adapted from Anspach 2012:14, Ehow 2012:1 and Guina 2012:12

According to Guina (2012:12), the first option is to do financial planning by oneself without any outside help. When people do financial planning on their own, they can take advantage of the Internet, books or short courses that focus on financial planning. There are many websites dedicated to financial planning assistance and guidance that provide free tips and information. It is however essential to make sure the website is genuine and has a professional backing behind it (DIY SOS 2011:29). Books and magazines can also provide useful information about savings and investments to help people get started in planning personal finances (Scott 2011:12). Individuals can also do a short course on finance/investment as many tertiary institutions offer non-credit classes to anyone interested in learning more about money management (Anspach 2012:14; Centre for Business Management 2012:36).

Berg (2012:4) and Ashton (2012:2) suggest that the second way of practising financial planning is to team up with other investors. Investing groups are a good way to take charge of one's own finances without feeling alone in the process. By joining others who

are also looking to save and invest, a person can better select opportunities that may not be available to individual investors. Moreover, one of the most valuable ongoing benefits of an investment group, especially for beginner investors, is the ability to have investment decisions analysed by different points of view. If properly founded and maintained, the group can create excess returns on members' investment funds year after year, while providing them with an invaluable educational experience that will last a lifetime (Ehow 2012:1).

Lastly, individuals can consider professional help if they feel overwhelmed or if their assets are too large to manage on their own (Michelle 2012:4). It is also a good option to involve professional help if individuals have extensive debts, are considering filing for bankruptcy, or need help to plan for complicated situations such as a wedding or children's education in the future. Different types of professional help can be obtained regarding different needs and wants of individuals (Dubofsky & Sussman 2009:48).

2.7.2 TYPES OF FINANCIAL PLANNING REPRESENTATIVES

According to Andrew (2012:10), there are different types of financial planning specialists who can assist clients on general and specialised areas of financial planning. This study will focus on only four main types of financial planning specialists, namely brokers, insurance agents, investment advisors and financial planners.

The first and most common type of financial representatives are brokers. Roth (2007:1) and Halverson (1996:9) explain that broker is a legal term that refers to a professional who buys and sells securities on behalf of a client. Brokers are generally not considered to owe a fiduciary duty to their clients. Some brokers may also be investment advisors, and the advice they provide on certain products and services may be held to the higher fiduciary standard. Duska (2009:20) defines a fiduciary duty as financial planning representatives' duty to act in the faith that they believe to be the best interest of the client. There are also bank brokers who will be able to offer financial planning advice and a wide range of financial products. The specific products will depend on the relationships that the bank has with other financial institutions, such as life assurance companies (Dunnan 1988:96; Wrona 2012:20).

Insurance agents are also professional agents in the financial planning industry. They are licensed by the Registrar of Financial Services Providers and generally work on commission (Cullum 2012:44). Independent insurance agents sell policies for more than one insurance company, while exclusive agents represent a single company. Andrew (2012:10) points out that some large national and international insurers coordinate their services to high net worth individuals and families through dedicated private client groups. They offer advice and underwriting for property, casualty, life and long-term care polices, and can advise on the integration of insurance into estate planning (Zaima 2012:14).

Investment advisors can be described as advisors who provide advice on investments, mainly on financial securities (Wrona 2012:20). Some investment advisors manage portfolios of securities. Investment advisors are typically paid by a percentage of the value of assets under management, not commissions on transactions, and must provide certain up-front disclosures to investors. Most importantly, investment advisors owe a fiduciary duty to their clients and are thus legally bound to put clients' interests first (Rogers & Jacobsen 2012:29). Most investment advisors are small businesses that operate independently of the larger financial services firms (Who's Who Among Financial Advisers Planners 2000:24).

The last types of financial planning representatives are financial planners/advisors. Financial planners generally refer to planners who develop and implement comprehensive financial plans based on an analysis of long-term goals, including investments, estate planning, tax planning, insurance and even debt management (Warschauer 2008:7). They convey expertise in either some or all aspects of financial planning. One-stop-shopping with a generalist has many advantages. However, one should be aware that there are times when clients should be dealing with experts to get the best advice on a particular area of financial planning which a generalist cannot always provide (Yih 2011:4).

Bruce and Gupta (2011:1169) emphasise that the most widely respected designation of financial planners is the CFP. These planners must pass a comprehensive financial planning exam, and abide by a code of ethics which comprises adhering to a fiduciary standard, as well as comply with certain practice standards (Beard & Mora 2012:19; Robinson & Hughes 2009:68). Most financial planners are investment advisors, but the

reverse is not necessarily true. The reason is that financial planners possess basic knowledge on all aspects of financial planning which include investment (Michelle 2012:4; Who's Who Among Financial Advisers Planners 2000:24).

2.7.3 ROLE OF FINANCIAL PLANNERS

Of all types of financial planning representatives, financial planners are recognised as the specialists who possess the highest and broadest range of knowledge in the field (Sneddon 2004:47). They are bound by a specific and professional set of standards regarding their qualifications and experiences, and are required to act in the best interest of their clients (Boatright 2008:7). The following sections focus on financial planners, the choice of a financial planner and the benefits and shortfalls of dealing with them.

2.7.3.1 Choice of a financial planner

Finding a good financial planner can be a complicated process. Yih (2011:4) gives some useful suggestions on how to find a good financial planner. Firstly, it is very important for a person (or a client) to be prepared. In other words, a potential client needs to know what she/he wants or does not want from a financial planner. The reason is that everyone is at different financial life cycle stage and therefore has different financial needs. For example, some people need financial planners to help with life insurance because they have young families, while others want to create a retirement income and maintain an enjoyable lifestyle after retirement (Dunnan 1988: 96; Hayhoe 2001:203).

The second important suggestion is to get a referral (Consumers and Financial Planning 2008:3; Hannon 2008:62). Selecting a planner without a referral could be dangerous and is known as a hit-and-miss strategy. A more appropriate method to find a planner is via word-of-mouth. Individuals should find a planner by asking close friends, colleagues and family if they are dealing with a planner whom they can recommend. It is necessary to ask why they think their planner is recommendable. This question may be more important than the first one because it will provide some details and insights as to what make the planner special and different (Choosing a Financial Planner 2002:16).

Stav (2006:78) suggests that even when individuals have found a good referral, they still need to consider other planners. The reason is that people should not limit their choice by dealing with only one planner, not knowing whether the planner is the most appropriate for them (Hannon 2008:62). Interviewing other financial planners increases their chances of finding the most appropriate planner because it allows them to compare the strengths and weaknesses of different professionals (Dunnan 1988:96).

According to Wallick (2011:7) there are five criteria that can be used to choose the most appropriate financial planner. These criteria are the following:

- Education: The appropriate education of a planner is a crucial criterion to determine competence. Abbreviations of qualifications behind the name of planners show that these people have some level of dedication, discipline and commitment to the industry and their profession (Bruce & Gupta 2011:1173). The unfortunate part is there are some planners that have a great deal of theoretical knowledge but do not have the practical experience and ability to translate theory into practice. While education is important, clients should ask their potential planners what they are doing to stay current or up to date with financial trends (Mason 2001:78).

- Experience: A planner with experience often really understands the practical application of theory to reality. All CFPs must have a minimum of three years relevant experience in the industry prior to earning the right to use the CFP certification mark. Therefore, CFP professionals possess financial counselling skills, in addition to financial planning knowledge (Bruce & Gupta 2011:1176).

- Independence: There are some financial planners who work for large financial institutions and will promote and sell only those financial institutions' products. Other planners have more independence and will promote and sell the products of many financial institutions. The only aspect clients need to consider is who their financial planner works for. The reason is that planners who sell only one brand or one financial institution's product are more likely to have a conflict of interest between the financial institutions they work for and the client's best interest (Andrew 2012:10).

- Holistic thinking: There are many financial planners who provide more than just products. They focus and provide advice that brings actual financial benefits to

clients rather than just trying to sell random financial products to get high commission fees. Investors may find value added when they get good financial, tax, estate or retirement advice beyond just choosing an investment. Clients should look at the results of advice that their financial planner gave them (Oladipo & Clovey 2008:65).

- Communication: Every relationship, whether it is a marriage, a friendship or a client-planner relationship, requires communication. A lack of communication often makes clients feel neglected (Pompian 2008:64; Yeske 2010:41). A financial planner should be contacting clients on a regular basis and be able to update them on changes in the market which can affect the client's financial plans. In addition, the financial planner should help clients review and adjust their plans as the client's life circumstances change (Musgrave 2008:13; Stav 2006:78; Wruk 2003:79).

2.7.3.2 Advantages and disadvantages of using a financial planner

Typically people seek the help of a financial planner when they do not have the time, knowledge or desire to create their own financial plan. As a result, many people turn to professional financial planners to help them plan their financial futures. There are advantages and disadvantages to using a financial planner (Wallick 2011:7). The advantages of consulting one are the following:

- Professional expertise: When individuals hire a financial planner, one of the things they are paying for is expertise regarding a wide range of financial subjects (Peterson 2006:6; Robb, Babiarz & Woodyard 2012:292). The planner can advise them about all the key aspects of their financial plan, enabling them to make better decisions than they could on their own. Fischer and Gerhardt (2007:12) suggest that financial planners can be particularly valuable for individuals who lack financial literacy.

- Holistic view: A financial planner can help clients take a comprehensive view of all aspects of their financial situation. As a result, the clients are assisted to balance both short-term financial needs and long-term financial goals (Braxton 2012:30; Hanna & Lindamood 2010:112).

- Time and focus: Braxton (2012:31) and Hira, Van Auken and Norris (2004:83) state that since a financial planner's only job is to assist clients to create and successfully complete their financial plans, the planner can spend more time analysing and managing clients' financial assets.

- Special situations: Even if clients are competent when it comes to financial planning, a financial planner may be able to help them deal with unexpected changes that result in a more complex financial situation. For instance, if a client becomes disabled and needs to plan for long-term care after she/he leaves the workplace, a financial planner's assistance could be invaluable (Robb *et al.* 2012:292; Walker 2012:33).

However, there are also disadvantages to using a financial planner. These include the following (Wallick 2011:7):

- Costs: The cost of hiring a financial planner could be prohibitive. Therefore, individuals should consider this important point unless they have considerable income (Franklin 2011:46; Stigler 1961:213).

- Complicated fee structures: There are a number of ways that financial planners may charge for their services (Franklin 2011:46). The fee could be a percentage of the assets managed, a flat fee, an hourly fee, commission on financial products sold or some combination of these methods (Wallick 2011:7). Therefore it may be difficult for clients to estimate how much hiring a financial planner will cost. It is crucial for them to understand what the planner will charge them for the services so that there are no surprises later (King 2012:24).

- Risk: There is no guarantee that the financial advice or investments recommended by a financial planner will perform as expected. The reason is that there are many kinds of unexpected risks that can occur which lead to the loss or undervalue of clients' investments (Dunnan 1988:96; Ferreira 2012:12).

- Lack of objectivity: a financial planner may give advice to clients on investing in financial products which do not match clients' objectives but rather the planner's best interest based on the commission/remuneration she/he receives (Veres 2012:26;

Wallick 2011:7). Therefore it is necessary for clients to be aware that the planner's advice may not always be objective owing to a conflict of interest between the client's best interest and the financial planner's own benefit or interest (Braxton 2012:30).

- Lack of qualifications: Some people may call themselves financial planners even though they do not have the skills or knowledge to back up their claims. Clients should verify the qualifications of any planner they are considering hiring (Veres 2012:26). The CFP designation is awarded to financial planners who meet education, examination, experience and ethics requirements set by the Financial Services Board (FSB) (Ferreira 2012:12).

2.8 REGULATORY ENVIRONMENT OF FINANCIAL PLANNING

There are different regulatory bodies in the financial planning industry in South Africa in order to keep the industry transparent and to make sure the financial representatives deliver their services in the best interest of their clients. In the following section, the regulatory body, Financial Services Board, will be discussed. The Financial Advisory and Intermediary Services Act and Financial Intelligence Centre Act will also be highlighted.

2.8.1 FINANCIAL SERVICES BOARD (FSB)

Many role players in the financial services industry have failed to see the need for compliance with legislation. However, given the number of cases involving defrauding clients out of their hard-earned money, it is clear that self-regulation is not the preferred option. In response, the government has introduced compliance registration in order to regulate the financial services environment, which offers the client protection from non-compliance. Financial Services Board (FSB) is a government-appointed, independent regulatory body established to supervise the South African non-banking financial services industry, and is committed to promoting and maintaining a sound financial investment environment in South Africa (Act shifts focus from self-regulatory to regulated 2004:39; Barwise 2010:9).

2.8.2 FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT (FAIS ACT)

The Financial Advisory and Intermediary Services (FAIS) Act 2002 regulates conduct within the South African financial services industry. Its purpose is to provide consumer protection against improper conduct and improve upon the ethics of industry practitioners. The FAIS Act makes provision for financial service providers (such as financial planners, brokers, investment advisors or financial institutions which provide financial advices or services) to be licensed through the FSB, and the FSB provides clients with the right of recourse should the financial service provider not comply with the Act. The FSB regulates industry members in terms of how they provide advice and intermediary services relating to financial products as defined by the FAIS Act (Harris 2004:16; Regulatory and representative body 2012:5).

The FAIS Act requires that competent and qualified persons deliver services and give advice based on fit and proper requirements (Cut-off date approaching 2006:7). Fit and proper requirements of a representative are honesty and integrity, competence, operational ability and a sound financial base. The Act entitles clients to sound financial advice, services and products that best suit their needs. The Act also entitles clients to complain about any inappropriate advice given or service rendered in relation to a particular financial product (Harris 2006:12).

As a result, the FAIS Ombud has been created by the FSB to handle all FAIS-related complaints in a way that is prompt, procedurally fair, informal and cost-effective. The FAIS Ombud is independent, impartial and performs its functions without fear, favour or prejudice. The Ombud's services are free and accessible to all consumers (Act shifts focus from self-regulatory to regulated 2004:39). Since 1 April 2005, the FAIS Ombud has been granted the authority to act as Statutory Ombud under the Financial Services Ombud Schemes Act. This means that the Ombud can deal with complaints against financial institutions which do not fall within the jurisdiction of any other ombud scheme or where there is uncertainty over jurisdiction (Financial Advisory and Intermediary Services Acts 2012:4).

2.8.3 FINANCIAL INTELLIGENCE CENTRE ACT (FICA ACT)

As part of the South African government's fight against money laundering, the Financial Intelligence Centre Act 2001 (FICA) was promulgated and came into full effect on 30 June 2003. FICA provides for the establishment of an anti-money-laundering regulatory body and introduces mechanisms aimed at preventing money laundering (Koker 2003:30). This in effect imposes compliance by institutions that might otherwise be exploited for money-laundering purposes. The regulatory regime of the FICA enforces know your client, record-keeping and reporting obligations on accountable institutions. It also requires accountable institutions to develop and implement internal rules to facilitate compliance with these obligations (Financial Intelligence Centre Act - Client Impact 2012:7; Koker 2002:167).

The FICA Centre has been established in order to identify the proceeds of unlawful activities and to combat money-laundering activities. It aims to do so by making information collected by it available to investigating authorities, the intelligence services and the Revenue Service (Beware, Fica's watching you 2003:60). The FICA Centre will also exchange information with similar bodies in other countries. In order to fulfill its objectives the Centre will collect, process, analyse and interpret information reported to it in terms of various statutory reporting obligations. The Centre will then use this information to inform, advise and cooperate with law-enforcement authorities, supervisory bodies, the South African Revenue Service and the intelligence services in the performance of their functions. The Centre will also monitor compliance with FICA and provide guidance to accountable institutions, supervisory bodies and others (Financial Intelligence Centre Act - Client Impact 2012:7).

2.9 SUMMARY

The main purpose of this chapter has been to observe the nature and importance of financial planning. This was achieved by looking at the importance of financial planning to everyone in general and to women in particular. The seven key components covered under financial planning, namely personal financial management, business financial planning, risk management, tax planning, retirement planning, estate planning and investment planning, were discussed, to deepen the understanding of the nature of financial planning. The components co-exist and are interrelated to one another to form

the structure of financial planning. By covering all these components while creating financial plans, individuals can be assured that all their financial concerns are taken care of.

For the purpose of this study, financial planning refers to the process of setting up, implementing and monitoring a financial plan with specific goals after assessing any individual's financial circumstances to help them to stay on track and eventually attain their financial goals. It is crucial for individuals to consider financial life cycle before developing any financial plan. The financial life cycle of each person is made up of three phases, namely basic wealth protection, wealth accumulation and wealth distribution. The earlier individuals can start planning their finances, the easier it will be for them to manage and adjust their plan at later stage.

There are numerous ways to do financial planning such as self-service (doing it without help), teaming up with others or consulting professional assistance. Financial planners are people who possess basic knowledge and can give advice on all or some aspects of financial planning. The designation CFP is awarded to financial planners who meet strict education, examination, experience and ethics requirements set by the FSB. Clients should follow standard criteria while looking for a suitable financial planner. There are many benefits for clients provided by financial planners. However, clients should be aware of shortfalls when dealing with planners, especially in conflict of interest. The main regulatory body of the financial planning industry is the Financial Services Board (FSB). The other two components are Acts that the FSB uses to ensure all consultations and complaints are assessed as above-board. Thus it is essential for financial planners to have basic knowledge regarding FSB and the two Acts.

There are numerous benefits provided to individuals in general as well as women in particular while making use of financial planning. However, the challenges that women face before or while doing their own financial planning cannot be neglected. Women face different difficulties with each specific component of financial planning. However, modern women are more confident and less reluctant to handle all financial planning aspects except investment planning. A good understanding of investment planning's nature and process will help women be more comfortable with investment and gain possible success from it. A discussion on investment planning process will form the basis of Chapter 3.

CHAPTER 3
INVESTMENT PLANNING PROCESS

3.1 INTRODUCTION

Chapter 2 confirmed that financial planning has seven key components, all of which should be considered in order to achieve financial independence. Investment planning is one of the vital components of financial planning which can assist women to achieve desirable financial goals and build wealth (Gitman *et al.* 2011:388). Yet women's perceptions of the risks associated with investing, as well as their lack of knowledge of investments, often prevent them conducting personal investment planning (Anthes & Most 2000:134; Blayney 2010:49). It is important for women to obtain basic knowledge about investment planning before they are able to embark on this important task.

This chapter starts by contextualising the investment planning concept, followed by a discussion of reasons why women do not engage in investment planning. The importance of investment planning will also be addressed. The seven main steps of the investment planning process will be explained in detail, followed by a discussion on the hypothesised model. The dependent factor and independent factors that influence investment planning will also be presented in detail. Lastly, selected demographic factors on investment planning will be identified and discussed on.

3.2 CONTEXTUALISING INVESTMENT PLANNING

Duncan (2011:7) and Oglesby (2007a:38) define investment planning as putting money to work with the expectation of making even more money. Gitman *et al.* (2011:352) are of the opinion that investment planning is that part of financial planning that pertains to the allocation of investment vehicles. Investment planning starts after individuals have set their financial goals, taking into account their current and expected income level. Investment planning assists people to achieve short- and long-term financial goals effectively via suitable investment strategies.

In a similar manner, Oladipo and Clovey (2008:65) define investment planning as a process which places personal capital into appropriate investment products based on an individual's financial goals and time horizon in order to create financial returns at a

later stage. In addition, Overton (2010:381) notes that investment planning does not only help individuals to obtain expected returns over a specified time period, but also minimises the potential risk of losses.

Investment planning creates a framework for a proper investment plan which contains every investment activity in which individuals can participate (Sudweeks 2012:5). An investment plan is constructed by financial planners or investment advisors for different investors as an investment guideline. Firstly, the investment plan will help people to identify their personal investment characteristics, such as risk tolerance or personal constraints and how these relate to their asset allocation and targets (Droms 1994:26; Purkayastha 2008:17). Secondly, an investment plan articulates what investment choices people will have in order to achieve their financial goals.

Lastly, an investment plan provides an investment framework and guidelines to help individuals weigh up investment choices in order to make decisions which can have a major impact on future financial goals and retirement (Sudweeks 2012:5). Individuals will increase their chances to achieve financial goals by doing proper planning through drafting an investment plan (Three steps to make an investment plan 2012:18).

For the purpose of this study, investment planning refers to placing available funds into suitable investment vehicles while taking into account the investor's long- and short-term goals, in order to obtain some form of reward.

3.3 REASONS FOR NOT ENGAGING IN INVESTMENT PLANNING

In a survey conducted across South Africa in 2012, women's behaviour concerning savings and investments was assessed. The survey indicated that 71% of the respondents had some sort of savings, but only 56% of the respondents paid attention to long-term investments (Mhlanga 2013:2). Based on these findings, Fisher-French (2012:11), a personal finance expert, has expressed concern that women may not be able to achieve medium- or long-term financial goals through savings. Women may be reluctant to involve themselves with investment planning because they are afraid of losing their investments. The reason is that women are found to be more risk averse than men when it comes to handling financial matters, including investments (Willows 2013:7).

Women often find excuses not to get involved in doing investment planning. Some reasons given are the lack of knowledge, time constraints, lack of interest in a complicated topic, and the assumption that their partners will take care of the matter for them (Keehn 2009:233; Wood 2012:38). In some cases, women tend to feel uncomfortable when consulting an expert on their investment problems. As a result, they prefer leaving their concerns unsolved or else discontinue their investment planning by choosing not to approach an expert for help (Kumar 2013:4).

Women also focus too much on other areas of finance such as saving for emergency expenses or paying debts instead of engaging in investment planning, because they do not realise the importance and benefits of planning (Mhlanga 2012:5). By failing to engage in investment planning women may not be able to increase their current income. They may not achieve some form of return from investments such as earning interest on bonds or dividends from shares) save for a major purchase, accumulate funds for retirement, or protect themselves from paying too much tax (Gitman *et al.* 2011:355; Hauser & Lauterbach 2004:1167; Ody 2008:33).

3.4 THE IMPORTANCE OF INVESTMENT PLANNING

There are a number of reasons why it is essential for people in general and women in particular to engage in investment planning. Firstly, investing assists individuals in maintaining purchasing power by beating inflation in the future. Inflation refers to an increase in the price of the goods that are purchased and consumed over time or, stated differently, the value of a rand in the future being less than it is today (Oglesby 2007b:38; Reilly, Johnson & Smith 1970:104). Investing in shares, bonds or other asset classes will enable individuals to grow the value of their cash, which therefore keeps the purchasing power of their money. This offsets the effects of inflation, which means that consumers can buy the same amount of goods at a greater cost than they did in the past (Budgar 2011:22; O'Keefe & Burke 2008:44).

The time value of money is the second reason that stresses the importance of engaging in investment planning. If a female investor was given an opportunity to receive R1 next year or the same R1 right now, she would choose to receive the R1 now. This is owing to the logic that R1 today is worth more than R1 in the future (Freeman 2000:34). Given that R1 today is worth more than R1 one year from now, what is the value of that future

R1? An assumption is made that the female investor decides to invest R1 at an interest rate of 5%, which means that the same R1 would be worth R1.05 in a year. As a result she has taken into account the future value of that R1. Hence, investment planning will ensure that people use time to increase the value of their investment portfolios (McCrillis 2012:12; Rachlin & Sweeny 1996:135).

Thirdly, the efficient use of capital stresses the significance of getting engaged in investment planning. When developing and implementing an investment plan, investors need to ensure that they optimise the allocation of their funds. In doing so, they will be able to maximise their financial returns (McCoy 2012:80). For example, to apply this concept to personal investment planning, individuals should consider the difference between the financial returns of a savings account compared with leaving cash in a safe (Weatherholt 2009:12). Obviously, they will receive a larger return on their money from the savings account, so it is the better choice between the two investment vehicles. Therefore, when deciding how much cash to keep in a safety fund and how much to invest, the best decision is to choose the levels that maximise their returns and minimise risk (McCrillis 2012:12).

The fourth reason is that engaging in investment planning is necessary for everyone who wants to manage wealth effectively or to achieve their financial goals in an effective manner. This is due to the fact that investing wisely allows people to accelerate the growth of their financial resources (Goldberg 2005:18). This growth can help achieve other major financial goals, such as financial security, accumulation of wealth in the long term, reliable regular income generation, assets like a dream house or car, education funds for children, and ensuring comfortable retirement funds (Williams 1997:77).

Lastly, investment planning ensures that money works for people rather than people always working for money. The reason is that investment planning helps people to develop a long-term investment strategy. This strategy can take advantage of upswings and survive downturns in the financial markets. As a result, investment strategies based on investment planning help investors maintain expected returns, and reduce possible losses from various risks (Introduction to general investment concepts 2005:5).

3.5 THE INVESTMENT PLANNING PROCESS

Saving money is a necessary requirement before starting with the investment planning process which could help investors to build wealth (Bovenberg, Koijen, Nijman & Teulings 2007:347). The reason is that people are only able to get involved in investment activities when they have sufficient funds, which result from savings (Caldwell 2013:7). When making use of saving habits, people must do proper budgeting, which reduces impulse purchases (Baumeister 2002:670). By doing so, they have more money in hand after covering all necessary expenses and putting money aside for emergencies. A good rule of thumb is to take 10% off any income one receives and set that aside for saving (Roth 2013:68). Money which is obtained from saving can then be used for short-term saving needs, as well as for long-term investment purposes, to gain some form of returns for people at some stage in the future (Bruce 2008:13; White 2013:6).

According to Bajtelsmit and Rastelli (2008:280), the investment planning process consists of seven key steps. Each step will be discussed in detail in the following sections.

3.5.1 IDENTIFY INVESTMENT GOALS AND OBJECTIVES

Swanson and Marks (2007:4) point out that during the first stage of the investment planning process, individuals need to recognise their specific investment goals and objectives. According to Biebelberg (2013:5) and Gaines (2011:9), investment goals are based on three key investment objectives, namely, gaining capital preservation, capital appreciation and regular incomes.

Capital preservation refers to investors' aim to maintain the purchasing power of their capital, rather than increasing the value of that investment. On the other hand, capital appreciation is investors' aim to grow their funds. In addition, investors seek regular income payouts from their investments (Gaines 2011:9). For instance, this type of regular income usually comes from interest (from bonds) and dividends (from shares) (Biebelberg 2013:5). In a number of cases, people may find it difficult to harmonise and prioritise their investment goals because some of them may be in conflict with each other, or may not fit in with their way of life. Therefore, it is important for people to be

able to prioritise their investment goals at the beginning of the investment planning process (Nevins 2004:16).

Browne (2000:1188) notes that investment goals can be determined by an individual's current financial situation, age, physical abilities and educational level. In addition, marital status, attitude towards risks, source of funds and purposes of investments will help to analyse investment goals of different people (Trone 2010:77). For example, a young and single professional is likely to want to grow an investment portfolio that meets a specific goal later on, such as obtaining an MBA degree or the purchase of a home. A wealthy retiree on the other hand, is more likely to be interested in maintaining his/her current standard of living rather than in aggressively growing wealth (Biebelberg 2013:5).

According to Mcdonough (2013:3) and Evans (2013:20), just like men, women also have investment goals. However, their investment goals are more focused on how their investments will help them achieve specific long-term goals in the end. This differs from men, who are mainly driven to invest in order to measure their financial progress, and only think their investment goals are achieved when they are satisfied with their investment performance. When setting investment goals, women are more concerned for other people such as their spouses, children and elderly parents. As a result, women's investment goals are not only for themselves but may include some investments to cater for people they feel are important to them and who may need financial support at some stage of their lives, for instance education for children or funding for medical fees of aging parents) (Northern Trust 2012:1).

3.5.2 ESTIMATION OF FUNDS NEEDED FOR INVESTING

Being able to determine relevant investment goals will help individuals to project how much money will be needed in order to achieve these goals and what each goal will cost (How do I invest 2008:5). For example, the costs to send a child to a tertiary institution or to plan for retirement will differ.

A major risk to individuals in achieving their financial goals is the rate of price increases over time, namely inflation. The time value of money will also influence the estimation of funds needed to reach individuals' financial goals. Both inflation and the time value of

money need to be included in the estimation of the funds needed in the future to achieve specific goals and to maintain the purchasing power of their money (Breeze 2008:15; Russell 2003:24). The impact of inflation and time value of money on investments has been discussed in Section 3.4.

3.5.3 ESTIMATION OF FUNDS AVAILABLE FOR INVESTING

At this stage, individuals will need to estimate the available funds they can contribute to their investments in order to achieve expected returns, as determined in the previous step. According to Breeze (2008:15), individuals need to sort out their finances by creating a budget and track their spending habits on a monthly basis. A budget aids people in identifying problem spending patterns and also helps regulate their cash flow. Tracking habitual expenses against the budget helps people to control spending and free up cash to clear existing debt and save for investments (Oladipo & Clovey 2008:65).

It must be remembered that financial emergencies often arrive unannounced, which means that people should ensure that some money is set aside to cover monthly expenses for at least three months (Schutte 2011:119). These funds should be invested or set aside in instruments that can be readily accessed if cash is suddenly needed. After completing the above tasks, one will be able to see how much money is available to invest either in lump sum or regular monthly contributions for a certain period of time to achieve one's objectives (Anspach 2013:3; Pant 2011:34). Lump-sum investments are only made if investors have a large amount of money to invest. Investors who have a limited amount of money to invest can make use of regular contributions to their chosen investment vehicles. Furthermore, to every investor, lump sum investments offer higher returns over a long investment period, while regular contributions offer higher average returns from a short-term investment (Guina 2013:10; Schoeman 2013:4).

It is necessary for female investors to assess the funds available for investing. This is because, compared to men, women take more time off work owing to family responsibilities (mainly maternity periods and taking care of elder parents) which reduce the time they spend earning a living. Increased time out of the workforce results in lower lifetime earnings, less retirement savings and less accessible funds for short- or long-term investments, compared to their male counterparts (Women and investing 2013:2).

3.5.4 EVALUATE RISK TOLERANCE

The next step is to analyse individuals' risk tolerance. Schulaka (2012:16) and Swart (2003:80) state that people choose a particular type of investment vehicle because they associate each type of investment with a particular risk. This is called their risk tolerance or risk profile. According to Jorge (2012:12), risk tolerance refers to the amount of risk individuals are willing and able to accept with their invested funds in exchange for returns. Risk tolerance is determined by such aspects as one's personality, age, job security, health, net worth, emergency fund and investment horizon.

Risk tolerance can be split into the main categories conservative, moderate and aggressive. Each risk category falls into different investment time frames (Kourtidis, Šević & Chatzoglou 2011:548). By determining risk tolerance, based on these time frames, investors can avoid falling into the pitfalls of trying to time the market. Timing the market refers to investors' attempts to predict the future direction of the market in order to rebalance their investments. By doing so, investors expect to obtain profits or returns from those investments. The practice of market timing can lead to failing to meet investment goals owing to unexpected market fluctuations (Zugang & Jia 2010:330).

Conservative investors are people who seek stability when it comes to investing and are more concerned with protecting their capital than with capital growth. As a result this type of investor is normally willing to accept lower returns in exchange for capital preservation associated with short-term funds. Conservative investors normally invest within a period of less than five years (Bogoslaw 2008:3).

Moderate investors are more concerned with relative but stable growth in excess of that provided by conservative funds. They are willing to tolerate more fluctuations in exchange for more reasonable returns, but are still not comfortable enough with market risk to invest their funds aggressively (Carlson 2009:20). Moderate investors build their investments between 5 and 10 years.

Aggressive investors are more drawn to higher levels of risk in exchange for higher levels of capital growth. They are comfortable with volatility and fluctuations over the shorter to medium term as long as they can achieve their objective of substantially

increasing their real capital value over the long term. Aggressive investors focus on investment periods of 10 years or longer (Callinan 2006:32; Jorge 2012:12).

Previous research suggests that women are more reluctant to accept risk in their investments (Women and investing 2013:2), generally being seen as conservative investors (Hallahan, Faff & McKenzie 2004:75). Powell and Ansic (1997:610) find that when it comes to strategies in financial and investment decision making, women and men tend to implement different ways. Since women are less risk tolerant, they prefer to adopt strategies that best avoid loss and gain security, whereas men focus on achieving the best possible gain.

3.5.5 ACQUIRE KNOWLEDGE ABOUT THE DIFFERENT INVESTMENT OPTIONS

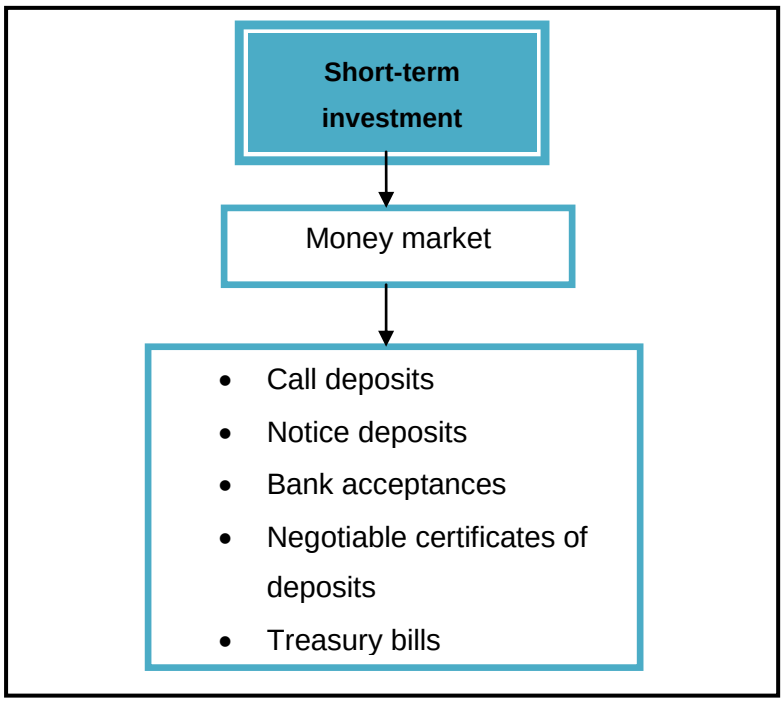
McCrillis (2012:12) observes that different investment asset classes and other investment options are available to individuals. Understanding the differences between these asset classes is fundamental to developing a customised and effective investment strategy. According to Fecht, Huang and Martin (2008:711), investment options are offered by banks, financial institutions, insurance companies and stock exchanges.

Investors are not allowed to invest directly on a stock exchange; they can only make trading activities via stockbrokers who are licensed members of the stock exchanges (How to invest on the JSE 2012:11). Different types of investments will also have different costs (Odhiambo 2011:77). A distinction can be made between short-term and long-term investment vehicles (Botha *et al.* 2010:561; Swart 2003:653).

3.5.5.1 Short-term investment vehicles

From Figure 3.1, it can be seen that the most common short-term investment vehicles can be found in the money market, namely call deposits, notice deposits, bank acceptances, negotiable certificates of deposits and treasury bills (Botha *et al.* 2010:561; Evenhuis 2004:6). These investment instruments generally pay low rates of interest, have high levels of liquidity and are risky options in times of inflation.

FIGURE 3.1: SHORT-TERM INVESTMENT VEHICLES



Source: Adapted from Botha *et al.* 2010:561

- Call deposits are money which is deposited in an interest-bearing account and can be called back on demand. The minimum balance will vary from institution to institution. The interest rate is calculated on a daily balance and paid monthly (Evenhuis 2004:6).

- Notice deposits are relatively flexible in terms of depositing money (some banks specify a minimum deposit of R1 000, while other banks specify R250), but a defined period of notice must be given for withdrawal of the funds (Hesse 2011:4).

- A bank acceptance is a bill of exchange stating that a borrower will have to pay to the lender a specific amount of debt on a certain future date in the short term. The redemption of the loan has to be guaranteed by a bank. There are two types of bank acceptances. The first one is a liquid asset and may be rediscounted with the South African Reserve Bank (SARB). The second is a non-liquid asset and usually attracts a higher discount (Berg 2003:49).

- A negotiable certificate of deposit (NCD) is issued as a receipt in bearer form for time deposits. These NCDs are guaranteed by the bank and can usually be sold in a

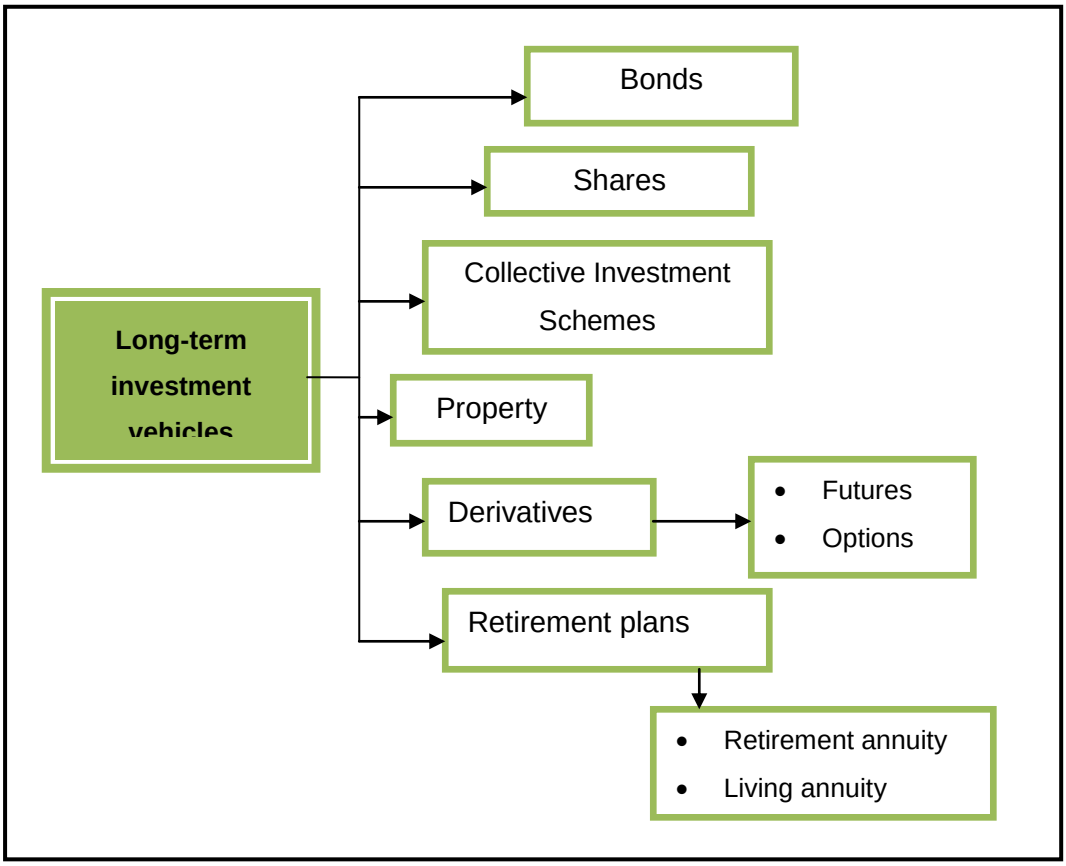
highly liquid secondary market as a means of generating quick cash in the event of an emergency (Nathan 2001:8).

- A treasury bill involves short-term debt of the central government and is payable on a specified future date (Hess & Kamara 2005:680; Trevino & Yates 2010:56).

3.5.5.2 Long-term investment vehicles

Swart (2003:80) suggests that individuals should also pay attention to long-term investment vehicles such as bonds, shares, collective investment schemes, property, derivatives and retirement plans. Figure 3.2 presents the most common long-term investment instruments available to women.

FIGURE 3.2: LONG-TERM INVESTMENT VEHICLES



Source: Adapted from Botha *et al.* 2010:561 and Swart 2003:653

- A bond is a certificate of debt that is issued by a government or company in order to raise funds. A bond generally represents a promise to pay a regular rate of interest

over a fixed period of time and to repay the principal at the maturity date (Ody 2008:33). The interest rate is normally fixed. The principal is the nominal amount on which the interest is calculated. Bonds tend to be less risky than shares because they have a fixed interest rate. In addition, in the event of a company's liquidation, bondholders will receive their money back before shareholders do. However, because of this safety, the returns are often not as high as other investment vehicles (Callaghan, Fribbance & Higginson 2007:198; Landis 2008:42; Quinn 2000:735).

Compared with government bonds, there may be a risk of default on interest and principal payment when buying bonds from companies. Bonds issued by the government have no default risk on their interest payments and principal repayments because the government should always be able to pay the interest and repay the principal (Kosnett 2012:39). Bonds are also subject to fluctuation risk which reduces the purchasing power of the interest and principal amounts. Therefore creditors must demand a rate of interest at least equal to the rate of inflation, in order to maintain their purchasing power (Mayo 2007:255).

- McCrillis (2012:12) is of the opinion that shares are a way for individuals to own parts of businesses and therefore become shareholders. A share represents a proportional distribution of ownership in a company. Companies issue two types of shares, namely ordinary and preference shares. Ordinary shareholders have a claim on the assets and earnings of the company only after the claims of preference shareholders and bondholders (Jordan & Miller 2009:76). Shares from publicly listed companies are more volatile and therefore riskier than bonds. Thus shares are appropriate for investors who are willing to tolerate moderate to above average price risk during an investment horizon of at least three years, in order to build high long-term growth (Hirsch 2005:85).

  In addition, shareholders (only ordinary shareholders in most cases) obtain voting rights to elect the board of directors because they own a part of the business (Arsić 2009:55). The board is a group of individuals who oversee the major decisions the company makes (Su, Hooper, Dutta & Ronghua 2011:42). Boards decide whether a company will invest in itself, buy other companies, pay a dividend (a payment made by a company to its shareholders) or repurchase shares. However, the potential reward from owning shares in a growing company has some possible pitfalls.

Shareholders get a full share of the risk inherent in operating a business, as their shares may increase or decrease in value. Shares could even be worthless if the company goes bankrupt (Hauser & Lauterbach 2004:1167; Mayo 2007:218). Moreover, buying and selling shares may involve certain fees which may prevent investors from investing in shares. The list of fees includes brokerage fees, settlement fees, investor protection levies, custodian fees, administrative fees, value added tax (where applicable), securities transfer tax and capital gain tax (on the profit made when selling shares) (How to invest on the JSE 2012:11).

- Collective investment schemes (CISs) are a way for investors to pool their money to buy shares, bonds or anything else that a fund manager decides is worthwhile. This means that investors can turn over the responsibility of managing their funds to a professional (Hughes 2008:22). Professional fund managers have the right to make investment decisions based on their own analysis of the market and the underlying fundamentals of securities (Mehta, Abbott, Addison, Dodhia, Hitchen, Oddie & Riddington 1996:1195). The risk of any particular fund is based on the criteria used to choose the underlying securities. There are numerous CISs ranging from high-risk foreign security funds to government bond funds (It all adds up 2012:1; Payne 2004:34).

  In South Africa, the majority of CISs are organised in the form of unit trust funds and are governed by the Collective Investments Schemes Control Act (Smith 2010:1). Unit trusts are good investment instruments because when investing in unit trusts, the decisions about which underlying assets to buy are made by expert asset managers, enabling investors to achieve their investment goals more effectively. Investors are also able to withdraw unit trust investments (convert them back into cash) whenever the funds are required (Hesse 2011:4; Unit trusts 2013:2). Moreover, it is easy to monitor the performance of the unit trusts, as their net asset values (NAVs) are reported daily in the newspapers. Investors often find unit trusts to be a flexible and affordable investment option because they can choose to invest in lump sums or make regular monthly contributions to a unit trust. For most unit trusts, there are transparent product fees and no penalties for surrender or discontinuation of the unit trust (Benefits of investing in unit trusts 2013:4; Cameron 2011:12).

- Property investments include buying or investing in residential or commercial properties (Investment 2010:6). The returns on properties are two-fold, namely income from rentals and income in terms of an increase in the value of the property (capital gains). There are several advantages for the investor when investing in property. Firstly, property is a tangible asset, which means that it always has an intrinsic value although the value may decrease. Shares, on the other hand, can have low or no value and become nonexistent. Investors can also use the property as a residence or as a leverage since a bank will accept it as collateral for a loan (Corning, Mowatt & Charles 2012:279). However, it is expensive to invest in property. In addition, there are high carrying costs related to a property such as the utilities, insurance and maintenance costs. Investors may also find it difficult to dispose of a property quickly (Walkley 2012:34).

- Derivatives are financial contracts which are derived from the value of the underlying assets, such as equities, commodities and bonds, on which they are based. Derivatives are used to minimise the risk of loss resulting from fluctuation in the value of the underlying assets. Derivatives can be in the form of futures and options (McCrillis 2012:12).

  A future contract is an agreement to buy or sell a standard quantity and quality of a specified asset on a specific date. The price is determined at the time of trading the contract. A future contract can be taken on any tradable investment or underlying asset. The underlying asset on which the future is based can be a tangible asset (for example Kruger Rands), a notational asset (as a share index) or a perishable asset (for instance maize) (Kritzman 1993:18; Sceats 1997:54).

  An option is a contract which gives the buyer the right to buy or sell a specified asset at a specified price within a specified period. It is important to note that an option gives an investor the right to buy or sell the underlying investment but they are not obliged to do so. This should be compared with a future contract where the buyer or seller must fulfil the contractual obligations. Options can be bought and sold for various reasons. Some investors are speculators aiming to profit from their trading activities, while others may use options for hedging purposes (Bodie, Kane & Marcus 2009:672; Premium 2003:152).

- A number of special plans, such as retirement annuities and living annuities, are designed to create retirement savings.

  In the case of a retirement annuity, an investor places a certain amount of money with an investment company in order to build up a savings scheme to supplement income on retirement (Scott 2008:40). An investor can then enjoy the flexibility of being able to select the underlying portfolio, while enjoying the same tax benefits as traditional retirement annuity funds have offered in the past (Wild 2011:22).

  Another retirement plan is a living annuity. A living annuity is purchased with the proceeds of a pension or provident fund at retirement. This plan then pays the investor an income for life and can preserve part or all of the capital invested (Kieckhaefer 2012:20; Panko 2006:52; Purvis 2012:18). The capital that remains in the investment on the death of the investor is passed on to the nominated beneficiaries who may either continue receiving an annuity of between 2,5% and 17,5% of the fund value, and obviously the lower the income, the higher the growth potential (Botha *et al*. 2010:653).

Gibbs (2010:5) points out that it is very important to pay attention to past trends and understand the risks involved with each investment option and vehicle. History actually does repeat itself, and investors should know this first-hand. Investors should find a convenient internet investment service that provides real-time market information. They can also access trusted sources of research and investment information to keep them informed and up to date about various investments' performance.

3.5.6 SELECT SUITABLE INVESTMENTS

After obtaining basic knowledge about the various investment vehicles available, an individual will have to make a choice on the most suitable investment vehicles which match her risk tolerance, investment horizon and investment objectives (Bajtelsmit & Rastelli 2008:280). Each investment offers different risk and return profiles in a different period of time. As was discussed earlier, the individual's objectives depend on her circumstances and current financial situation. Potential investors also need to understand the time horizon of their investments. Bodie *et al*. (2009:956) explain that

time horizon is the interval during which an investment programme is to be completed. There is no right time frame, and it depends on the investor's individual objectives.

Therefore, people need to evaluate all investment options based on important factors which have been mentioned, to choose the most suitable investments. In order to overcome the rate of inflation as well as reducing risks, individuals need to create investment portfolios (Faulkenberry 2013:9). An investment portfolio is the combination of different investment instruments such as bonds, property, cash, CISs, derivatives and shares. The reason for making an investment portfolio is that it will enable investors to diversify investment risk and opportunity (Hood & McGugan 2006:4; Rotblut 2010:3).

Women in general avoid more risky investments like shares. Therefore, they do not invest a large percentage of their funds in shares (Rustam & Abdisalam 2008:2). Women who invest in shares regularly choose safer stocks to invest in, steering clear of high-risk options that have the potential to bring in more money faster but also come with a greater threat of loss. In addition, it has been noted that women seem to trade on a less frequent basis than men, preferring to ride out market fluctuations rather than making rash decisions based on what other investors are doing. In other words, women like to play it safe when it comes to managing money. According to Fisher-French (2013:4), women tend to prefer cash (money market instruments which were mentioned in Section 3.5.5.1) and property as their investments.

3.5.7 IMPLEMENT, MONITOR AND REBALANCE THE INVESTMENT PLAN REGULARLY

Sudweeks (2012:15) suggests that after completing the investment selection process, individuals now need to implement their investment plans step by step. In case a professional representative is used, the representative can be asked to take full responsibility for implementing the plan on the investor’s behalf. As all implementation may not take place at the same time, reference to a time-frame must also be discussed and followed accordingly (Overton 2010:384).

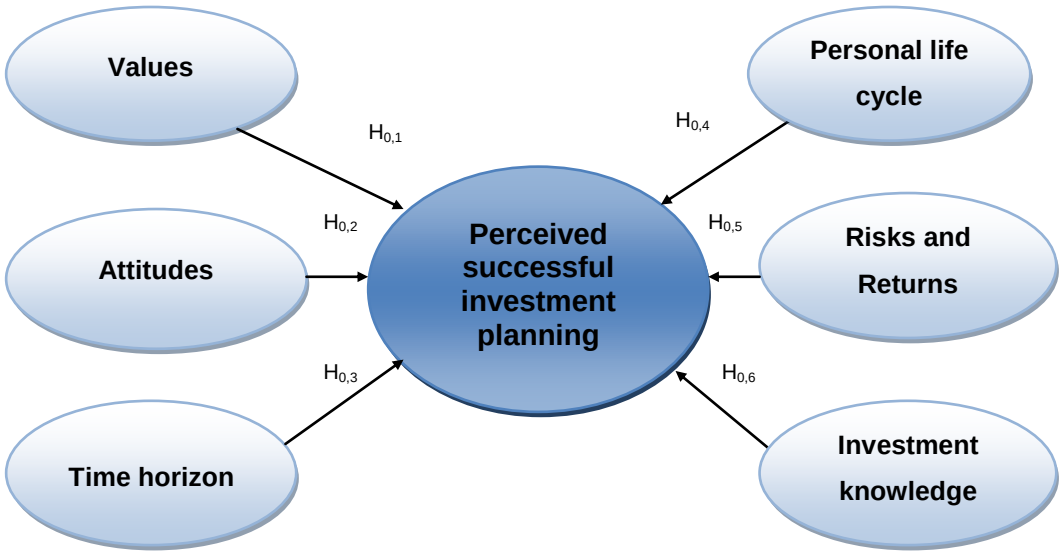
Investment planning is a dynamic process and the investment plan may require changes to be made if there are changes in the individual’s personal circumstances, economics or other conditions. Hence it is crucial for investment plans to be reviewed

on a regular basis (or as an agreement with professional representatives) so that it can be adjusted and rebalanced when necessary. The reason is that changes of personal circumstances will probably have an impact on the achievement of individuals' goals, needs and priorities (Gitman *et al.* 2011:386; Hirsch 2005:98).

3.6 HYPOTHESISED MODEL

Based on the existing literature on financial planning and investment planning, several factors influencing the women's *Perceived successful investment planning* have been identified (Bajtelsmit & Rastelli 2008:6; Jacobs 2011:10; Lowe 2010:295; Malcolm 2012:5; Swart 2002:146). These factors include: the *Values, Attitudes, Time horizon, Personal life cycle, Risks and Returns*, as well as *Investment knowledge*. Therefore, in the proposed hypothesised model, six independent variables are put forward as influencing the success of investment planning. The detailed theoretical support for each of these hypothesised relationships between these factors (independent variables) on the dependent variable (*Perceived successful investment planning*) will be in discussions in following Section 3.7 and 3.8. The hypothesised relationships and proposed hypothesised model are depicted in Figure 3.3.

FIGURE 3.3: HYPOTHESISED MODEL OF FACTORS INFLUENCING WOMEN'S PERCEPTIONS OF PERCEIVED SUCCESSFUL INVESTMENT PLANNING



Source: Researcher's own construction

3.7 DEPENDENT VARIABLE: PERCEIVED SUCCESSFUL INVESTMENT PLANNING

As mentioned above and illustrated in Figure 3.3, the dependent variable in this study is the *Perceived successful investment planning* of women. Previous secondary sources and available empirical studies (Budgar 2011:22; 'Critical habits' 2012:23; O'Keefe & Burke 2008:44; Williams 1997:77) present similar definition of the concept *Perceived successful investment planning* which was consulted in this study. Williams (1997:77) highlight that individuals only perceive their investment planning as successful when they are able to control their finance and investments through engaging in investment planning. Moreover, Budgar (2011:22) and O'Keefe and Burke (2008:44) state that individuals only experience and perceive their investment planning as successful when they receive some form of income, profits or growth of their investments. For the purpose of this study, *Perceived successful investment planning* is defined as the degree of satisfaction women experience with the growth, income or profits of their investments that will enable them to stay in control of their finance as well as plan and achieve their financial goals and objectives.

3.8 INDEPENDENT VARIABLES: FACTORS INFLUENCING INVESTMENT PLANNING

Various factors influencing the success of women when doing investment planning have been identified in the literature of previous chapter, Chapter 1. According to Figure 3.3, there are six factors which could potentially influence women's perceived success when investment planning is undertaken. A discussion of these factors, namely, the *Values, Attitudes, Time horizon, Personal life cycle, Risks and Returns*, as well as *Investment knowledge* will follow. These factors are also seen as the independent variables in this study.

3.8.1 VALUES

According to Hockenbury and Hockenbury (2007:34), individuals' goals are a reflection of their personal values. Values are relatively permanent personal beliefs about what everybody regards as important, worthy, desirable or right in the way they live and work (Giraldi & Ikeda 2008:172). Values tend to reflect an individual's upbringing, and

change very little without a conscious effort from her or him. For example, some families and individuals hold happiness as a very high value; for others, power or status may be a value (Bobowik, Van Oudenhoven, Basabe, Telletxea & Páez 2011:488).

Kreie and Cronan (2000:66) stress that values should determine individuals' priorities in general and investment planning in particular. Values can be used as a measurement to tell if life turns out the way they want it to. When the behaviours of people do not match their values, they will not feel satisfied and content. This can become a real source of unhappiness. Values exist whether individuals recognise them or not. Thus, life can be much easier when individuals acknowledge their values as well as make plans and decisions that honour themselves (Helm 2001:67; Hockenbury & Hockenbury 2007:40).

When it comes to investment planning, women's values are often guides on which to base their investment goals. While setting up personal investment goals, women become more specific about how they want to achieve their goals and how to judge whether their goals are realistic (Journey 2010:14; Swenson 2013:13). For instance, if a woman values her independence (in terms of finance), she will invest in an investment portfolio to gain adequate funding to buy her own car or house. In other cases, if a woman's most important value is her children, she will invest funds in her children's health or education funds (Mhlanga 2013:2). Value-based goals help women not only to gain happiness in life by being able to live up to their values, but also to achieve success in their investment planning (Mills 2009:8; Price 2009:4).

For the purpose of this study, *Values* refer to women's personal, family, religious, ethical and cultural values which guide them when investing.

The following hypotheses are thus formulated:

$H_{0,1}$: There is no relationship between *Values* and *Perceived successful investment planning*.

$H_{A,1}$: There is a relationship between *Values* and *Perceived successful investment planning*.

3.8.2 ATTITUDES

Attitudes are a measure of individuals' state of mind, opinions and judgement about the world in which they live. Waits (2012:21) states that psychologists define attitudes as a learned tendency to evaluate things in a certain way. This can include evaluations of people, issues, objects or events. Such evaluations are often positive or negative, but they can also be uncertain at times. For instance, a little girl may have mixed feelings about a particular person or issue. According to Marcus (2011:34), attitudes form directly as a result of experience. They may emerge due to direct personal experience, or they may result from observation. Social roles and social norms can have a strong influence on attitudes. Social roles relate to how people are expected to behave in a particular situation or context. Social norms involve society's rules for which behaviours are considered appropriate (Boninger, Krosnick, Berent & Fabrigar 1995:159).

Attitudes reflect a position individuals have taken with regard to their values, and are much more flexible than values (Boninger *et al.* 1995:159; Höög 2005:193). For example, a family may place a very high value on children and have a positive attitude about raising them and providing opportunities for them. Both spouses may value higher education, yet one spouse may have a more positive attitude towards the University of Cape Town, while the other may have a more favourable attitude towards the Nelson Mandela Metropolitan University (Bobowik *et al.* 2011:488).

Women's attitudes to investment planning are partially influenced by the cultures and social expectations of the way they should manage their finances as women. Before 1950, women were expected to engage in early marriage and look after their families as a universal norm. Men were expected to be the main wage-earner in the family who catered financially for their wives and children (Davey 2008:14). In those days it was expected by society that women would be responsible for managing the family finances which were generated solely by the husbands.

Today things have changed as more women enter the workforce and help to support their families financially together with their husbands (Campey 2012:7; Edmonds 2013:8; Goudreau 2012:15). Research shows that in some cultures, men view women as better budgeters and possessing greater self-control. A culture's expectation dictates gender roles and different attitudes towards managing finances and investments. This

is the reason why women find themselves more focused on short-term finances than engaging in investment planning (Brenner 1995:25; Jefremovas 2000:147).

For women who engage in investment planning, their attitudes toward investment activities result from past experiences. They are willing to wait when an investment does not produce expected results, instead of making investment changes (Hira & Loibl 2006:8). Arti, Sunita and Julee (2011:5) suggest that female investors tend to display less confidence in their investment decisions (owing to a lack of knowledge and being risk averse) and therefore have lower satisfaction levels. In addition, they are more cautious with regard to investment in shares, especially if the availability of their funds is low. The reason is that they worry about the high risk that shares have, compared to other investment instruments. Hira and Loibl (2006:8) comment that many women find making investment decisions stressful, difficult and time-consuming. As a result, there is a suggestion that women's attitudes to investment planning have a direct effect on their involvement and success in doing investment planning.

For the purpose of this study, *Attitudes* refer to women being comfortable and confident when making investment decisions.

Based on the discussion presented above, the following hypotheses have been formulated:

$H_{0,2}$: There is no relationship between *Attitudes* and *Perceived successful investment planning*.

$H_{A,2}$: There is a relationship between *Attitudes* and *Perceived successful investment planning*.

3.8.3 TIME HORIZON

Time horizons are simply the length of time that investors place funds in different investments in order to obtain their investment goals (capital growth or regular income from withdrawals of investments or both). Sometimes time horizon is also referred to as an investment horizon (Parker 2011:6; Scott 1993:22). A time or investment horizon can be as short as a few seconds or constitute a period that lasts for decades. Setting a time horizon for any investment usually has to do with the goals and objectives of the

investor. Typically, investment time horizons can be categorised as short-**,** medium- and long-term (Klos, Weber & Weber 2005:1779).

A short-term horizon is generallly less than five years, which means investors are reluctant to take any chances with their money and will invest funds in guaranteed securities or money market vehicles (Alles & Murray 2009:280). A medium-term horizon falls between 5 and 10 years. Investors tend to focus on a conservative mix of shares and bonds during this investment period. A long-term horizon is longer than 10 years (Klos *et al.* 2005:1779). A longer time results in more time to accumulate savings and replenish investment losses. Therefore, investors with longer time horizons can generally accept higher levels of risk and greater allocation to risky assets, which in turn should contribute to higher expected returns over the entire time horizon (Marable 2008:27).

To women, time horizon is a critical element in doing and achieving success in their investment planning. Women can maximise their financial security in the short term and the long term without any conflict between the two if they correctly identify the time horizons of each investment goal (Young 2013:2). For instance, if a female investor is seeking to invest in short-term vehicles as a way of financing the purchase of a home in five years, this goal will help to define the parameters of her investment activity. The investor will actively look for ways to invest funds in investment options that will generate a sufficient return at the end of this five-year period to allow for the purchase of a home within a specified price range (Parker 2011:6).

At the same time, a longer time horizon may be more in line with the investor's goal of creating a solid financial base for the retirement years. In this scenario, the investor will probably move towards investments that show a consistent growth pattern over the years, with little to no downturns anticipated. The time horizon for this approach may span 30 years or more (Zugang & Jia 2010:323).

For the purposes of this study, *Time horizon* refers to the knowledge and preference women have of the time horizon (length) of their investments which are less than five years (short-term horizon), between five to 10 years (medium-term horizon) or longer than 10 years (long-term horizon) when investing.

Consequently, the following relationships are hypothesised:

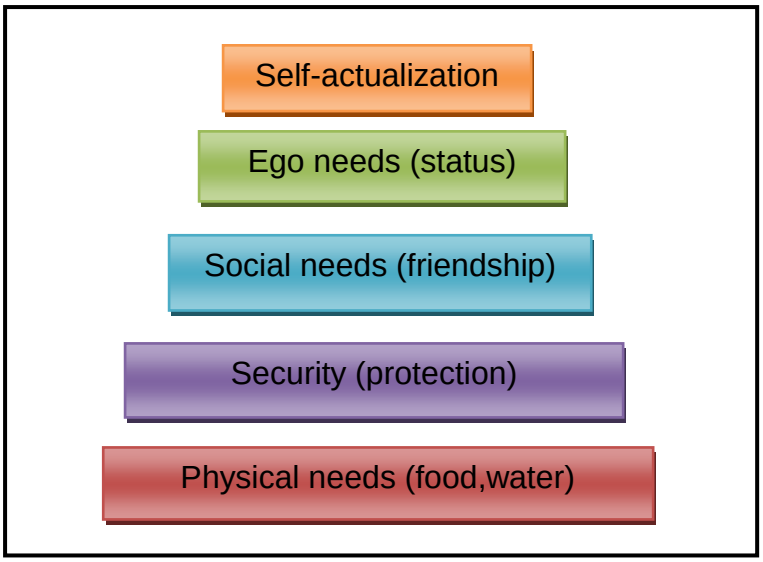
$H_{0,3}$: There is no relationship between *Time horizon* and *Perceived successful investment planning.*

$H_{A,3}$: There is a relationship between *Time horizon* and *Perceived successful investment planning.*

3.8.4 PERSONAL LIFE CYCLE

It appears that people's financial priorities change as they move through the different phases of the personal life cycle (Overton 2010:385). People's priorities and preferences will change according to their current individual circumstances during this cycle (Bertrand 2001:34). Similarly, individuals' planning and priorities will differ in accordance with the different levels at which they find themselves in terms of Maslow's hierarchy of human needs. This hierarchy is presented in Figure 3.4 below (Best, Day, McCarthy, Darlington & Pinchbeck 2008:305).

FIGURE 3.4: MASLOW'S HIERARCHY OF HUMAN NEEDS



Source: Adapted from Best *et al.* 2008:305

The hierarchy illustrated in Figure 3.4 shows that as individuals' needs at a specific level are met, they are motivated to move to those at the next level (Sengupta 2011:102). An example can be given at the basic level of Maslow's hierarchy, when a person's physical needs of food and water are achieved. Physical needs are no longer a

motivating factor to that person, and security now becomes the primary need to be obtained. People have a natural motivation to accomplish each needs level from the lowest to the highest. When individuals reach the self-actualisation level (the highest needs level of Maslow's hierarchy), they will achieve ultimate happiness. The reason is that at this stage they must have fulfilled all the other needs below this one, and be satisfied about themselves and their lives (Poston 2009:347; Reitan 2013:6).

It is important to note the relationship between a person's personal life cycle and different needs of the Maslow's hierarchy. The reason is that these two factors are interdependent and exist throughout the life of any person. Therefore people's financial as well as investment planning during their life cycles should be directed to the next level of their Maslow's hierarchy needs (De Brouwer 2012:111; Swart 2002:6).

An individual's life cycle has five distinct phases based on different age ranges: the young years, the family years, the career years, the pre-retirement years and the retirement years (Cooper & Worsham 2009:23). At different phases of life, people are expected to have different financial capability to cater for different financial and investment needs. During the young years, as they start earning own income, they will be able to cover basic and security needs (Swart 2002:145).

Advancing up the hierarchy pyramid, the next level represents the need to belong in a social context. A sense of belonging can be felt when a person becomes more focused on the desire to build relationships with others. This includes the desire for a romantic partner, to have close friends, and perhaps to get married and have children (Poston 2009:349). This need therefore leads individuals to prepare financially for a wedding, with savings or short-term investments to enter the next phase of life, namely the family years.

Hogan (2008:18) and Kalwarski (2009:52) point out that people often find it difficult to start investing early in their working lives and to continue with that investment throughout their lifetimes. Unfortunately, investment planning is a prerequisite for financial independence and even survival after retirement. Everyone needs an investment plan for their goals in life, for the needs that demand particular provision and for protection against possible financial risks. According to Cooper and Worsham (2009:23) and Swart (2002:145), people go through five separate phases in a personal

life cycle based on different age categories. It is important that they should know that throughout the five life stages, continuous and diverse investments should be made to match specific investment needs at each stage.

- The young years (20-30): Financial discipline ought to be formed during this period. An investment with capital growth over the long term, such as an endowment policy, is a necessity. It is important for people to accumulate a deposit for a dwelling (flat or house) or to finance the purchase with a 100% bond. They should make use of the tax benefits of a retirement annuity by investing in one. Individuals can cover household risks by means of short-term insurances and take out disability and dread disease cover. They should also commence with investments to cover the needs of young children, such as health care and education funds (Byrd 2006:34).

- The family years (30-40): Although the needs of children will be a priority for households in this group, parents should maintain current investments (for example an education fund for tertiary education at a later stage). Individuals should try to increase life coverage and make sure that they and their spouses make use of the maximum tax advantages when it comes to contributions to retirement annuities. People also need to take out endowment policies for the children and invest all additional funds in a mortgage bond. This will ensure a high tax-free return and, at the same time, create an emergency fund through their access bond. Investing in shares through a professional advisor is also recommended (Bertrand 2001:34; Byrd 2006:34).

- The career years (40-50): At this stage, children will start moving out of the house and as a result, more funds will be available for parents to invest. The reason is that children use the education funds or investment funds their parents made provision for. Therefore, the individuals (or parents in this case) should start contributing more to investments with high capital growth with a view to retirement. The bond on the house should be paid during this period (Kalwarski 2009:52; Swart 2002:146).

- The pre-retirement years (50-60): Retirement funds and all possible funds ought to be put into investments with capital growth (such as property or endowment polices). Contributions to pension and provident funds and retirement annuities should be increased. It is important for individuals to diversify investments in order to spread

investment risks and maximise returns. During this period all debts should be settled, if possible (Bertrand 2001:34; Boscaljon 2004:167).

- The retirement years (60 and over): The individuals should avoid risky investments and concentrate on capital growth. Attention should be paid to the protection of hard-earned investments. People can invest some funds into fixed deposits to earn interest and achieve lower risk exposure. In addition, guaranteed income and capital plans are recommended investments. Individuals should remember to maintain all existing investments (Boscaljon 2004:167; Kalwarski 2009:52).

Although some people will not experience all of the phases or will spend more or less time in any one phase, the great majority of career-minded people will go through all five phases. The life cycle phase that a person is currently in strongly influences the priority given to financial and investment goals at that specific stage of life (Cooper & Worsham 2009:50). However, in some cases, women's financial resources may change their investment needs as they can afford to cater for things at a particular life stage. Women's financial resources are more restricted because they earn less than men. Therefore women have to sometimes sacrifice their long-term investment needs and may only be able to cover short-term and basic needs such as household expenses (Langton 2013; Malhotra & Crum 2010:43).

Caldwell (2012:20) notes that women's life situations reduce the chances of their attaining certain investment goals because of unexpected life situations, such as becoming a single mother, getting divorced or becoming a widow (Adelman & Bankoff 1990:64; Uglanova & Staudinger 2013:265). After such a life situation, the investment needs of a woman will change, and the investment plan needs to be adapted accordingly (Hira & Loibl 2006:10). Therefore, it is important for women to practise, monitor and alter investment planning throughout different stages of their life cycle to achieve and maximise their success in investment planning (Women and investing 2013:6).

For the purposes of this study, *Personal life cycle* refers to women being aware that their investment needs, priorities and goals change as they move through different life stages, as well as different age groups; therefore women need to monitor and change their investment planning accordingly.

Based on the discussion presented above, the following hypotheses have been formulated:

$H_{0,4}$: There is no relationship between *Personal life cycle* and *Perceived successful investment planning.*

$H_{A,4}$: There is a relationship between *Personal life cycle* and *Perceived successful investment planning.*

3.8.5 RISKS AND RETURNS

Hull (2009:98) and Qoqiauri (2009:48) define risk as the possibility of suffering a loss. Winger and Frasca (2006:251) concur and describe risk as the possibility that the actual return on an investment may be lower than was anticipated. Return refers to the income or profit on an asset or the possible loss involved in owning such an asset or investment (Jordan, Miller & Dolvin 2012:2). In general, an investor will anticipate a higher return on an investment with a high risk and a lower return on an investment with a low risk. Risk and return are, therefore, positively correlated. In other words, the higher the risk, the higher the anticipated return, while the lower the risk, the lower the anticipated return. Time plays a major role in risk and return because the longer the investment period, the greater the anticipated risk and the greater the anticipated return on an investment or asset (Swart 2002:132).

There are many types of risk involved in investment options, such as market, business, interest rate, inflation and liquidity risks (Mayo 2011:133). Market risk refers to the uncertainty or unpredictability of the market valuation of an asset at a particular time. Business risk is the chance that a company or industry will fail to perform well, and interest rate risk represents rising interest rates that can cause market values to decline. This possibility deserves significant consideration if a person must sell a fixed income security before it matures (Scott 1993:22). Inflation risk refers to the chance that inflation will erode the value of an investment if returns fail to beat or match the rate of inflation. Lastly, liquidity risk is the possibility that an asset cannot be converted to cash when it is needed (Winger & Frasca 2006:255).

A number of studies that focus on risk-taking in investments emphasise that there are differences between male and female risk tolerance levels. Charness and Gneezy

(2012:50) note that women are more risk averse than men. Mittal and Vyas (2011:45) suggest that women's attitude towards risks is less aggressive than their male counterparts because they generally have less confidence in making investments than men. As a result, women often take a more conservative approach to making investment decisions, which in turn leads to lower returns on their investments (Davidson 2011:20). Similarly, Rutterford and Maltby (2007:306) find that women have a low tolerance towards investment risks. However, women who possess some level of education, financial knowledge and wealth are willing to accept more investment risks than others.

According to Droms and Strauss (2003:72), one of the key steps in investment planning is the assessment of women's risk tolerance, so that an investment portfolio (a combination of two or more investment instruments) can be structured that is consistent with their willingness to trade risk for reward. Hsin-yuan, Dwan-fang and Shang-yu (2010:40) agree that it is necessary to consider investment risks and returns when doing investment planning. In doing so, women will be able to maximise the possibility of reaching their financial goals and protecting their portfolios (Weatherholt 2009:12).

For the purposes of this study, *Risks* and *Returns* refer to women's awareness of risks and returns as well as their positively correlated relationship (the higher the risk, the higher the return) when investing.

Therefore, the following hypotheses are formulated:

$H_{0,5}$: There is no relationship between *Risks* and *Returns* and *Perceived successful investment planning.*

$H_{A,5}$: There is a relationship between *Risks* and *Returns* and *Perceived successful investment planning.*

3.8.6 INVESTMENT KNOWLEDGE

According to Derkley (2001:60) and Miller (2005:123), more women than men admit that they are not very knowledgeable about investment planning. Therefore women tend to feel less confident than men in their understanding of investment products as well as the current economic conditions which influence their ability to make investment

decisions (Malcolm 2012:5). The only way for women to achieve some form of success in doing investment planning is for them to gain basic investment knowledge such as knowing the types of existing investment vehicles (Fisher-French 2012:11; Rogers 2011:4).

There are different types of investment vehicles available, which were discussed in detail in Section 3.5.5. It is important for women to familiarise themselves with the risks and returns of each vehicle, as well as the fees related to each investment vehicle. Fees can include brokerage commissions and advisory fees, and every effort should be made to avoid unnecessary costs which can limit the gains on their investments (Cameron 2011:12; Carney 2009:10; Hesse 2011:4).

Women should also understand and make use of diversification when engaging in investment planning. Hira and Loibl (2006:15) maintain that women are less likely than men to diversify their investments. Women invest more in money market instruments than other investment instruments.They feel safer investing in money market instruments because of the liquidity level and low risk (Hesse 2011:4). However, the lack of knowledge of diversification leads everyone in general and women in particular to receive lower returns and higher risks (Hira & Loibl 2006:15).

According to Armstrong (2008:48), diversification is used to reduce risk by allocating investments among various financial instruments, industries and other categories. It aims to maximise returns by investing in different asset classes each of which will react differently to the same event in the macro environment (Sherwood 2012:20). According to Winger and Frasca (2006:251), diversification creates a synergistic quality in an investment portfolio in the sense that the portfolio's risk is less than the sum of the risks associated with the securities in the portfolio. In other words, an investor may hold two assets which by themselves are very risky, but when held together create a lower risk portfolio. The key to risk reduction is the correlation of returns between the two assets (Hoelzer 2008:29; Rodgers 2012:22).

When doing investment planning, it is important for women to know the tax liability of their investments (Brett 2013:7). In the past, investors only needed to consider income tax. Since 2001, investors also need to consider the impact of capital gains tax (Arzaga 2011:70). The maximum rate at which an individual will pay tax on capital gains is 10%,

but the maximum rate at which they will pay tax on income is 40%. It can be seen that, from a tax point of view, investments that have a return predominantly in the form of capital gains are more attractive than investments that have a return in the form of income (dividends and interest). An individual investing in bonds or a property trust could pay tax at the rate of 40% on their income and 10% on their capital gains. A 15% withholding tax is levied on dividends (Pocket tax guide 2012:4).

For the purposes of this study, *Investment knowledge* refers to women having knowledge of the different types of investment vehicles, knowing the investment length and cost implications of each investment, past investment experiences as well as knowing how/where to obtain help and relevant investment information in making investment decisions.

Based on the discussion presented above, the following hypotheses have been formulated:

$H_{0,6}$: There is no relationship between *Investment knowledge* and *Perceived successful investment planning.*

$H_{A,6}$: There is a relationship between *Investment knowledge* and *Perceived successful investment planning.*

3.9 INFLUENCE OF DEMOGRAPHIC FACTORS ON INVESTMENT PLANNING

Women's decisions regarding investment planning could be made based on a number of demographic factors. Thus, besides focusing on the primary objective of this study, the relationships between selected demographic variables and the various independent and dependent factors are also examined. A discussion of these demographic factors, namely, *Age, Ethnic group, Marital status, Education* and *Investment experience* will be presented below.

3.9.1 AGE

Empirical evidence (Prudential 2013:10; Scheresberg, Lusardi & Yakoboski 2014:17) exists supporting the notion that the age of women has an influence on making financial and investment decisions. Both of these researches were done among American

women who are between the ages of 25 to over 65 years old. The only difference between these researches is that the research conducted by Scheresberg *et al.* (2014:17) focused only on working women or those who had some sort of employment. It is found that women under the age of 35 are those who are most aware that they need to be in charge of prioritising their financial goals by obtaining investment knowledge to make informed investment decisions and share the financial/investment decision equally with their partners/spouses. However, most women in this age group consider themselves as beginner investors. In addition, women under the age of 35 do not feel well prepared to make sensible financial decisions when compared to female investors older than 50 years of age (Lusardi & Mitchell 2008:413; Prudential 2013:10).

Based on the discussion above, it was decided to test whether relationships exist between the demographic factor *Age* and the independent variables as well as the dependent variable *Perceived successful investment planning* of women. Thus, the following relationship is hypothesised:

H^{0a}: There is no relationship between *Age* and the independent variables as well as the dependent variable *Perceived successful investment planning.*

3.9.2 ETHNIC GROUP

According to Prudential's research (2013:8), it is noted that women's financial as well as investment priorities and goals varies between different ethnic groups. Asian Americans women prioritise mostly on investing for retirement, while other ethnic groups such as Hispanic Americans, Black Americans and White Americans women focus on investing in life insurances. Scheresberg *et al.* (2014:11) indicated that White or Asian Americans women tend to have high investment and financial literacy compared with women of other ethnicities. For all mentioned ethnic groups, women's most important investment goals revolve around not becoming a financial burden to loved ones and having money to maintain their lifestyles when retired. Both Asian and Black Americans women place greater importance on sustaining a standard of living for their families in case they become disabled or die. Furthermore, Asian and African women are confident that they will obtain their financial and investment goals (Prudential 2013:8).

Based on the discussion above, it was decided to test whether relationships exist between the demographic factor *Ethnic group* and the independent variables as well as the dependent variable *Perceived successful investment planning* of women. Against this background, the following relationship is hypothesised:

H^{0b}: There is no relationship between *Ethnic group* and the independent variables as well as the dependent variable *Perceived successful investment planning.*

3.9.3 MARITAL STATUS

In their study, Scheresberg *et al.* (2014:11) have found that the marital status have influence on working American women's level of financial and investment literacy. Married women tend to have higher financial and investment literacy levels than those who are single, separated, widowed, or divorced. In addition, the study conducted by Theodos, Kalish, McKernan and Ratcliffe (2014:6) on financial capability of American adults also highlighted that women's marital status effect their financial and investment knowledge. According to Theodos *et al*. (2014:6), unmarried American women with children in particular have less financial and investment knowledge compare to others as they work to both care for and financially support their children. Hence, these unmarried women are not confident in investments and do not often engage in investment or financial planning.

Based on the discussion above, it was decided to test whether relationships exist between the demographic factor *Marital status* and the independent variables as well as the dependent variable *Perceived successful investment planning* of women. Against this background, the following relationship is hypothesised:

H^{0c}: There is no relationship between *Marital status* and the independent variables as well as the dependent variable *Perceived successful investment planning.*

3.9.4 EDUCATION

Scheresberg *et al.* (2014:11) found a positive influence of American women's education on financial and investment knowledge. In their sample, women with a college degree are more than twice as likely as women with less educational achievement to have a

basic or high level of investment and financial literacy. They also tend to invest and own different investments, namely, shares, bonds or mutual funds. Similarly, the study conducted by Rooij, Lusardi and Alessie (2009:4) on the Netherlands household's financial literacy also found that women's education level influence their investment literacy as well as their involvement in investments. Rooij *et al*. (2009:4) pointed out that Netherlands women who are with low educational attainments tend to have less investment knowledge and do not actively engage in investment planning.

Based on the discussion above, it was decided to test whether relationships exist between the demographic factor *Education* and the independent variables as well as the dependent variable *Perceived successful investment planning* of women. Against this background, the following relationship is hypothesised:

H^{0d}: There is no relationship between *Education* and the independent variables as well as the dependent variable *Perceived successful investment planning.*

3.9.5 INVESTMENT EXPERIENCE

According to Russell Investments' study (2014:4) which was conducted on American women and investing, women's investment experience has a positive influence on making investment decisions. In this research, it is highlighted that American women who have some form of investment experience (<1 year) often become more involve in investment planning and find themselves as equal financial/investment decision makers like men. These women focus on long-term investment such as to maintain their lifestyle at retirement rather than short- or medium-term investments. In addition, they enjoy participating in learning of topics related to investment to gain more confident. They also make use of investment plans to achieve their financial/investment goals more effectively.

In contrast, Barber and Odean's research (2001: 269) conducted on common shares investments of American households, found that despite the varying degrees of experience with investment, women often are influenced by their partners in making investment decisions. In other word, these women could let their partners make investment decisions for them on their behalf or depend totally on their partners when it come to matters related to finance and investments.

Based on the discussion above, it was decided to test whether relationships exist between the demographic factor *Investment experience* and the independent variables as well as the dependent variable *Perceived successful investment planning* of women. Against this background, the following relationship is hypothesised:

H^{0e}: There is no relationship between *Investment experience* and the independent variables as well as the dependent variable *Perceived successful investment planning.*

3.10 SUMMARY

A brief discussion on the concept of investment planning concludes that this process assists everyone to define investment goals, evaluate risk tolerance and choose the best investments to build wealth at a later stage of their life. Investment planning is vital as it protects future financial goals by beating inflation and makes effective provision for retirement. The most important aspect to bear in mind about how to start investing is how to save. Savings are accumulating and reserving hard-earned money, while investments imply taking funds saved to invest in capital assets or available investment instruments for gaining some form of return.

There are seven main steps in the investment planning process which all investors should follow to create proper investment plans for themselves. The amount of money needed to achieve goals is analysed and inflation is taken into account. Individuals have to create budgets, track expense habits monthly and set funds aside for emergences Once this is done, decisions regarding investments can be made. One should continue to evaluate risk tolerance levels or one's willingness to take a specific amount of risk. People need to assess all available investment options for short- and long-term goals.

After evaluating all investment vehicles, individuals need to choose the most suitable investments based on their own objectives, risk tolerance and time horizons. Only by doing so will they be able to create a diverse portfolio to beat inflation and maximise returns while minimising risk exposure. At the last step, they will need to implement the investment plan step by step, and review it regularly to make changes if needed. The reason is that when individuals' circumstances change, this can prevent them from achieving their goals if their plans are not adjusted accordingly.

The hypothesed model of this study showed proposed hypohesised relationships between six independent variables, namely, the *Values, Attitudes, Time horizon, Personal life cycle, Risks and Returns*, as well as *Investment knowledge* and the dependent variable *Perceived successful investment planning.* Detailed discussions of the influence of these independent variables on the dependent variable were provided. In addition, there are possible influences of selected demographic factors on the independent as well as dependent variables of this study. Therefore, discussions on these demographic factors, namely, *Age, Ethnic group, Marital status, Education* and *Investment experience* were presented before the empirical research is conducted.

The research methodology used for this study will be presented in Chapter 4. In particular, the research design, methodology, the population and sampling technique, the data collection, the design of measuring instrument and data analysis, will be discussed.

CHAPTER 4
RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

In the previous Chapter 3, a brief introduction on the importance of investment planning was presented, followed by the investment planning process which could assist women in particular to create suitable investment plans in order to obtain their investment goals effectively. After the theoretical framework of this study was discussed, an empirical investigation will be undertaken to gauge the investment planning practices of women. This chapter will provide discussions on the research design and methodology which were selected specifically to address the primary objective of this study.

Chapter 4 begins by focusing on the definition of research design. An overview of the positivistic and phenomenological research methodologies will then be given. Furthermore, research methods of the chosen research methodology will be provided, follow by a discussion of secondary and primary data collection methods. The population, sample of the study, development and administration of the measuring instrument as well as the operationalisation of each variable and response rates will be presented. An overview of the data analysis techniques that were employed will conclude this chapter.

4.2 RESEARCH DESIGN

According to Schumacher and McMillan (1993:31), research design is the plan and structure of the investigation used to get evidence to answer research questions. The design describes the procedures of conducting the study. In support of this statement, Mouton (1996:107) explains that the research design can be viewed as the blueprint of the research project that precedes the actual research process.

Sekaran (2003:117) states that research design involves deciding what the research purpose and questions will be. Moreover, it describes what information will appropriately answer specific research questions and which strategies will be most effective in obtaining it. Yin (1994:19) and Jankowicz (2005:198) add that research design is the logical sequence that connects the empirical data to a study's initial research questions

and ultimately to its conclusions. The main function of a research design is to enable the researchers to anticipate what the appropriate research decisions should be so as to maximise the validity of the eventual results.

According to Zikmund *et al.* (2010:136) the three most common used type of research design are, namely, exploratory research designs, descriptive research designs and causal research designs. An exploratory research design is conducted about a research problem when there are few or no earlier studies to refer to or rely upon to predict an outcome. The focus of the exploratory research design is on gaining insights and familiarity for later investigation or undertaken when research problems are in a preliminary stage of investigation (Cuthill 2002:79). Causal research designs are used to measure what impact a specific change will have on existing norms and assumptions. Most researchers seek causal explanations that reflect tests of hypotheses (Gall 2007:120).

Vaus (2001:40) and Babbie (2010:40) state that descriptive research design describes characteristics of objects, people, groups, organizations, or environments. In other words, descriptive research design tries to paint a picture of a given situation by addressing who, what, when, where and how questions. For the purpose of this study, descriptive research design will be adopted as the most suitable research design. Descriptive research design will enable the researcher to first of all test the hypotheses of this study. Morever, this type research design assists researcher in obtaining responses from a large sample which provides higher generalisability of results for this study.

The first step of the research design process is to determine the research methodology. Research methodology is a system of models, procedures and techniques used to find the results of a research problem (Panneerselvam 2004:5). The research methodology to be adopted in this study will be discussed in the following section.

4.3 RESEARCH METHODOLOGY

Kumar (2008:4) defines research methodology as a way to systematically work out the research problems. Similarly Rajasekar, Philominatha and Chinnathambi (2006:3) define research methodology as the procedures adopted by researchers to solve and

find the logic behind the research problems. In other words, research methodology refers to a science of studying how research is to be carried out (Kothari 2004:8). A distinction is made between research methodology and research methods. Research methodology dictates the methods to be used and underpins the research approach, whereas research methods refer to the actual techniques used in collecting the data and conducting the research (Blaxter, Hughes & Tight 2006:58; Kumar 2008:4).

The two principal research methodologies are the positivistic research methodology and the phenomenological research methodology. The positivistic research methodology focuses on quantitative research and data, whereas the phenomenological research methodology is concerned with qualitative research and data (Pellissier 2007:25). The key differences between quantitative and qualitative research methodologies are summarised in Table 4.1 below.

TABLE 4.1: KEY DIFFERENCES BETWEEN QUANTITATIVE AND QUALITATIVE RESEARCH

Comparisons	Quantitative	Qualitative
Purposes	To determine cause and effect relationships	To describe on-going processes in the real world
Hypotheses	These are stated before the study and tested during the study	These are usually developed and refined during the investigation
Theories	Developed by deductive reasoning	Developed by inductive reasoning
Variables	These are controlled and manipulated to shed light on the hypothesis	No explicit variables. The focus of qualitative research is to study naturally occurring phenomena
Data collection	Data is collected objectively via experiments or surveys	Data can be collected subjectively via interviews
Design of study	This is stated at the outset and does not change	This can change as the study develops
Data	Is numerical. Data is highly specific and precise	Is not numerical. Data is rich and subjective
Validity and reliability	Validity is low while reliability is high	Validity is high while reliability is low
Data samples	These are normally large sample and carefully chosen to represent larger populations	These are normally small samples. Individual cases are studied to shed light on other groups/ cases
Threats to validity	Avoided by means of statistical methods	Avoided by means of logical analysis to rule out alterative explanations
Conclusions	These are stated with statistical measures of confidence	These are suggestive and always expressed tentatively

Source: Adapted from Clarke 2003:7, Collis and Hussey 2003:55, Pellissier 2007:25, Sekaran 1992:50 and Struwig and Stead 2001:17

As can be seen from Table 4.1, quantitative and qualitative research differs in terms of the data that is collected and the methods used. In the following section, these two main research methodologies will be explained.

4.3.1 A POSITIVISTIC RESEARCH METHODOLOGY

According to Pellissier (2007:15) a positivistic research methodology emphasises the philosophy of reality as a concrete structure. A positivistic research methodology is most closely associated with quantitative research (Collis & Hussey 2003:55). Quantitative research entails the use of systematic and sophisticated procedures to test, prove and verify hypotheses. Hypotheses are the questions that researchers want to address, which include predictions about possible relationships between variables that they want to investigate. Data is collected by various means following a strict procedure and prepared for statistical analysis. The analysis enables the researchers to discover complex causal relationships and to determine to what extent one variable influences another (Al-Habil 2011:948; Glaser & Strauss 1967:78).

The aim of quantitative research is to seek answers relating to a problem with questions such as how many, what and where. In order to do so, standardised data collection instruments such as surveys or experiments are used (Demirbag 1994:35). The standardised measurement and sampling procedures are intended to enhance the reliability of observation, facilitate replication studies, and allow generalisation to a larger population (Van Maanen 1983:67). Deductive reasoning is mainly used in quantitative research. Deductive reasoning is the logical process of deriving a conclusion about a specific instance based on a known general premise, or something known to be true (Al-Habil 2011:948). Objectivity is very important in quantitative research. Consequently, researchers critically examine their methods and conclusions to prevent possible bias.

4.3.2 A PHENOMENOLOGICAL RESEARCH METHODOLOGY

Phenomenological research methodology or qualitative research is rooted in the philosophy of phenomenology, which offers the prospect of discovering “the reality working behind the reality” (Saunders, Lewis & Thornhill 2000:86). Qualitative research is the approach usually associated with the social constructivist paradigm which

emphasises the nature of reality (Ritchie & Lewis 2003:45). The purpose is to understand human behaviour from the perspective of the participant (Collis & Hussey 2003:13; Jankowicz 2005:116). Researchers are interested in gaining a rich and complex understanding of people's experience, and not in obtaining information which can be generalised to other larger groups (Punnett & Shenkar 1995:41).

Inductive reasoning is mainly used in qualitative research. Inductive reasoning is the logical process of establishing a general proposition on the basis of observation of particular facts (Al-Habil 2011:950). The approach to data collection and analysis of qualitative research is methodical, but allows for greater flexibility than in quantitative research. Data is collected in textual form on the basis of observation and interaction with the participants. Data collection may be carried out in several stages. The researchers may even adapt the process mid-way, deciding to address additional issues or dropping questions which are not appropriate, on the basis of what they learn during the process (Maxwell 2005:2; Punnett & Shenkar 1995:39).

Qualitative researchers are free to go beyond the initial response of the participant by asking open-ended questions such as why, what or how to clarify their responses. In this way, subsequent questions can be tailored to the responses given by the participant (Ghauri, Grnhaug & Kristianslund 1995:28; Maxwell 2005:2). A distinctive feature of qualitative research is that researchers are part of the research instrument. The recognition of researchers' subjective interpretation of the information yields the process of triangulation. Triangulation emphasises the use of multiple sources, methods, investigators and theories to ensure the credibility of the research (Anglin, Ross & Morrison 1995:35). Qualitative research often involves a smaller number of participants as it includes methods such as in-depth interviews that are time and labour intensive (Al-Habil 2011:950; Struwig & Stead 2001:17).

4.3.3 RESEARCH METHODOLOGY ADOPTED IN THIS STUDY

For this study, the positivistic research methodology (quantitative research) had been deemed as the more appropriate approach based on three key reasons. Firstly, a sample of quantitative research is larger than qualitative research. Thus quantitative approach enables the researcher to conduct a study on a larger scale of the population.

In the other words, a large sample enhances the accuracy when projecting results of the research onto the entire population.

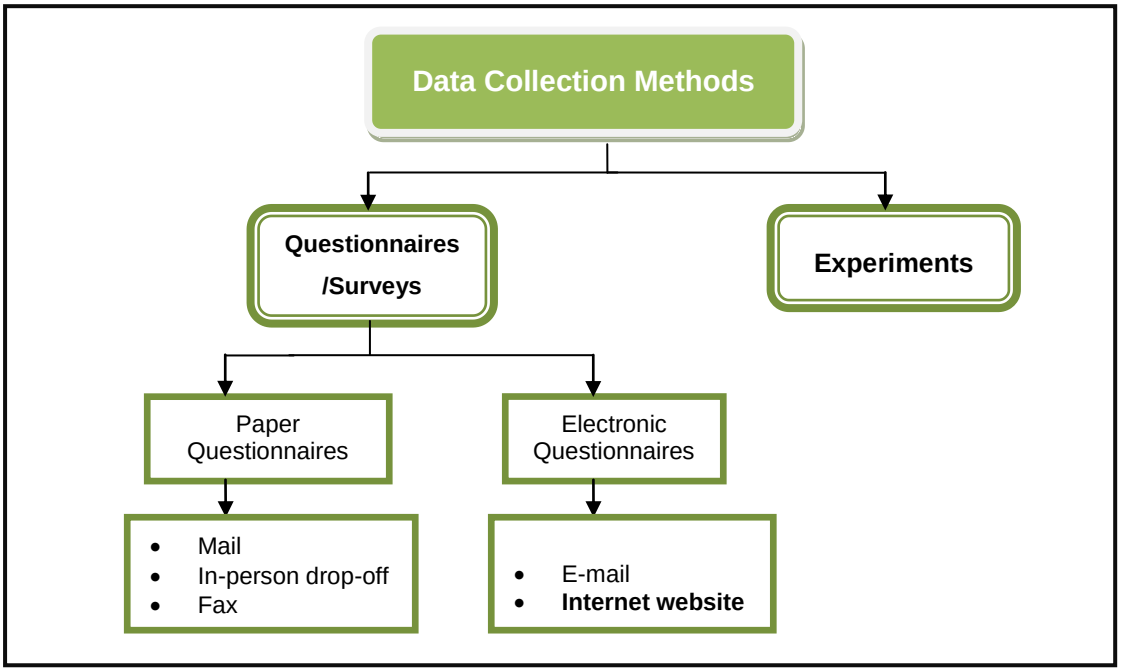
The second reason is that quantitative research enables the researcher to test hypotheses. Therefore the researcher will be able to test relationships between variables in the hypothesised model of this study by using quantitative research. Lastly, quantitative research is associated with research instruments that are precise and specific, thus enabling the researcher to increase the reliability of the study.

According to Collis and Hussey (2003:55), the research methodology dictates the research methods to be employed, which will be discussed in the next section.

4.4 QUANTITATIVE RESEARCH METHODS

Jankowicz (2005:220) defines a research method as a systematic and orderly approach taken towards the collection and analysis of data in order to obtain usable information from the collected data. Collis and Hussey (2003:150) further add that methods are categorised as quantitative or qualitative based on how the methods are used. Research methods vary according to the particular research methodology chosen. A brief overview will be provided of the research methods available when following a quantitative research or the positivistic research methodology (as this is the chosen research methodology for this study). Figure 4.1 presents all data collection methods when adopting a quantitative research methodology.

FIGURE 4.1: DATA COLLECTION OF QUANTITATIVE RESEARCH METHODS



Source: Adapted from Saunders *et al.* 2000:93, Struwig and Stead 2001:4 and Zikmund *et al.* 2010:219

As can be seen the two most used methods to conduct quantitative research are questionnaires and experiments. According to Saunders *et al.* (2000:93), questionnaires or surveys are the most popular form of data collection in quantitative research methodology. Experiments are also a method used in quantitative research (Struwig & Stead 2001:4). All the mentioned methods are discussed in detail in the following sections.

4.4.1 QUESTIONNAIRES

Questionnaires, also known as surveys, are often in the form of self-administered questionnaires (or self-completed surveys) where respondents are responsible for interpreting and responding to each question (Crowther & Lancaster 2009:151). Self-administered questionnaires can be printed or distributed through electronic devices. Paper questionnaires can be conducted via mail, in-person, drop-off and fax. Electronic questionnaires are distributed using electronic mail (e-mail) and Internet websites such as SurveyMonkey, SurveyGizmo, PureSurvey and SurveyBasket (Zikmund *et al.* 2010:219). Researchers can make use of either paper or electronic questionnaires or both of these research methods to conduct their study more effectively.

Paper questionnaires such as *mail surveys* can reach wide geographic regions. However, respondents can take more time to respond to the questionnaire because it is completed at their convenience. In addition, the researchers will not be able to clarify the questions if there are response biases (Hair, Babin, Money & Samouel 2003:132; Sekaran 2000:250). *Drop-off method* has a higher response rate than compared to mail surveys. However, this survey method involves the researcher leaving the questionnaires at the respondents' location to be collected at a later stage. Thus, transportation is the largest drawback of this survey type (Zikmund *et al.* 2010:223). *Fax surveys* can be used to distribute questionnaires and therefore reduce the sender's printing and postage costs. The major limiting factor is that only individuals with fax machines can be surveyed (Hair *et al.* 2003:132).

Electronic questionnaires such as *E-mail surveys* and *Internet surveys* help researchers to reach a large audience, with personalised individual messages and which is cost effective. However, respondents' computer literacy is a requirement. Moreover, respondents need to have access to the facility (having access to or owning a computer/laptop/cell phone and have Internet access to follow the link to the Website where the survey is posted online) as well as are willing to complete the survey (Sekaran 2000:250). E-mail surveys generate a higher response rate by repeated and follow-up mailings, while the Internet surveys provide a faster response speed. On the other hand, Internet surveys have lower item nonresponse than e-mail surveys. The reason is that researchers are normally provided with questionnaire development programmes that have skip-and-branch pattern controls helping to reduce the possibility that respondents will leave out some questions of surveys. In addition, Internet surveys can be programmed to determine accuracy or completeness of answers (Kwak & Radler 2002:269).

4.4.2 EXPERIMENTS

An experiment is a systematic and scientific approach to research in which the researcher manipulates one or more variables by controling and measuring any change in other variables (Kothari 2004:95). Experiments are constructed to be able to explain some kind of causal relationships among variables. Events may be controlled in an experiment to a degree that is simply not possible in a survey. The researcher's aim in carrying out an experiment is to analyse whether changing an experimental

independent variable causes changes in the specified dependent variable (Zikmund *et al.* 2010:257).

An advantage of experimental studies is that the degree of causality between independent and dependent variables can be determined. On the other hand, controlling a variable to see its effect on other variables has several disadvantages. One is that it often makes the research situation unnatural. Consequently, subjects may not perform normally in an experiment. Another disadvantage is that it is nearly impossible to control all the variables in a research situation involving human subjects. Finally, controlled experiments often raise serious questions about research ethics (Kowalczyk 2013:6; Zikmund *et al.* 2010:257).

4.4.3 RESEARCH METHOD ADOPTED IN THIS STUDY

The quantitative research method selected for this study was an Internet survey, because this method will enable a researcher to achieve the primary objective of the research more effectively. First of all, the researcher will be able to conduct this research on a much larger sample with lower financing needed, and quicker completion speed compared to using paper questionnaires. Secondly, the programme used to create the online survey ensures that all required data is provided. In other words, this function of the online survey will prevent respondents leaving questions unanswered before submitting the survey. Hence, the completed surveys always have no missing data and can all be used.

In addition, the researcher does not have to follow-up via phone calls or e-mail for missing information. The third benefit from using online survey is that all completed responses can be automatically captured in an excel spread sheet. As a result, this function reduces the time the researcher needs to capture the data from each survey. The data capturing error is all reduced/eliminated. Lastly, each respondent can choose the time that they are comfortable with to complete the online survey when they have a chance.

4.5 DATA COLLECTION

The data collection process consists of secondary and primary data collection which will be presented in sections follow.

4.5.1 SECONDARY DATA COLLECTION

According to Curtis (2008:1), secondary data refers to data that has already been collected. Crowther and Lancaster (2009:74) agree that secondary data is found from previous research and presented in written documents. Examples of such data are books and documents such as an annual report. Secondary data can be published or unpublished (Kothari 2004:111). Secondary information can be sourced from books, journals, newspaper articles, government publications, theses, conference proceedings, dictionaries, company annual reports, market reports, surveys, public records, letters, videos, databases and the Internet (Caminita 2011:8; Collis & Hussey 2003:88).

For the purpose of this study, a complete literature search was conducted in order to identify factors that could influence women's perceptions regarding financial planning with specific reference to investment. International and national data searches were done by the library of the Nelson Mandela Metropolitan University; this includes a search on Sabinet database, SAE publications, EBSCO, Business Source premier, Academic Source premier and Google searches. Data was sourced by consulting financial planning and investment planning literature from available textbooks, theses, magazines, newspapers, journal articles, conference papers and business documents.

4.5.2 PRIMARY DATA COLLECTION

Sekaran (2003:219) defines primary data as information obtained firsthand by researchers on the variables of interest for the specific purpose of a study. Duval (2005:4) suggests that primary data collection is necessary when researchers cannot find the data needed in secondary data sources. The sources of primary data are surveys, experiments, interviews, observation or focus groups. The collection of primary data requires that decisions have to be made about population, sample frame, and sample (Pellissier 2007:32). In this study a similar approach will be followed.

4.5.2.1 Population

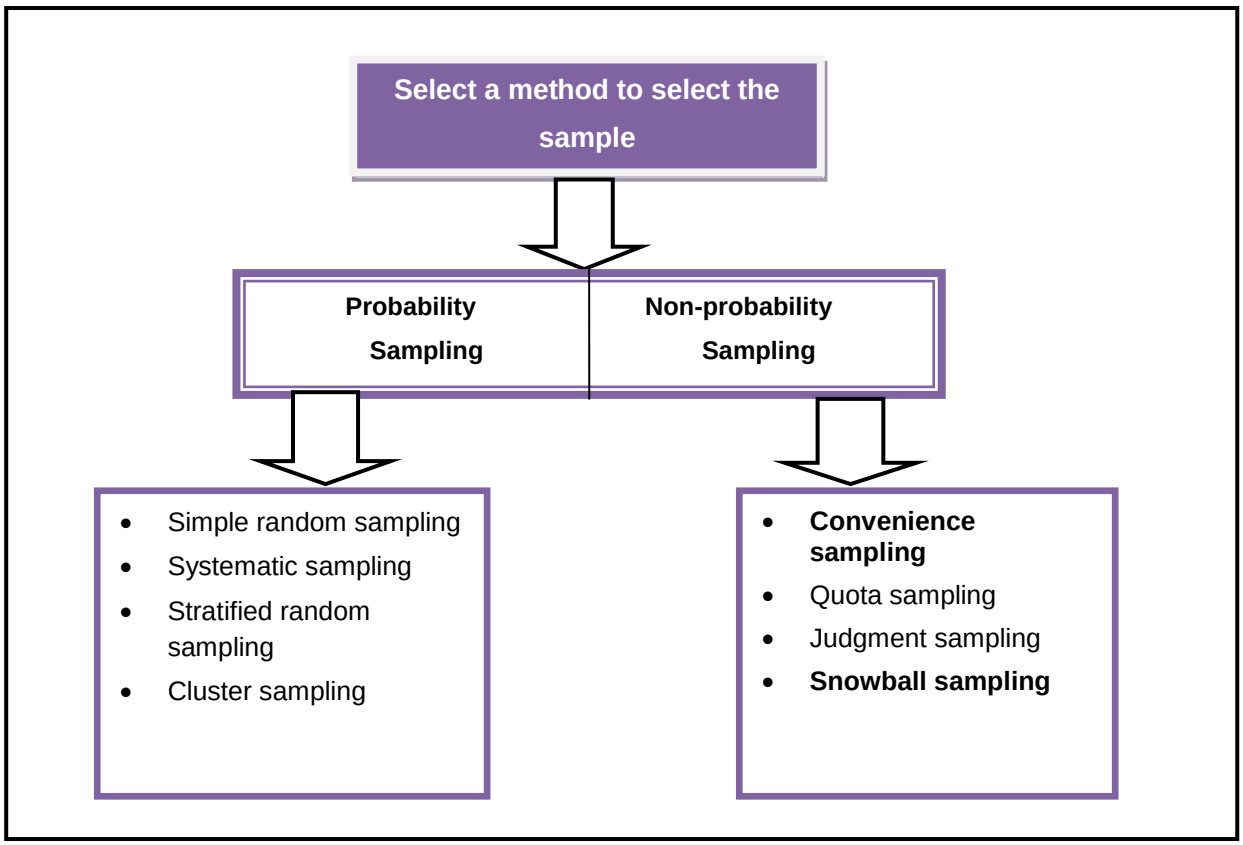
According to Thomas (2004:105), the population is the body of people or collection of items that is under investigation. It can also be defined as any complete group or body that shares some common set of characteristics (Zikmund *et al.* 2010:387). For the purpose of this study, the target population was all women in the Nelson Mandela Bay who are older than 20 and involved in some form of investing.

4.5.2.2 Sample unit and sampling method

Thomas (2004:106) describes a sample frame as a group of random sample lists drawn from a population. A sample frame can also be referred to as a list or record of the population from which a sample can be selected (Collis & Hussey 2003:155). In this study, it is therefore important to note that there was no sample frame depicted from its population. The reason being is that no list or existing database was available on women investing in the Eastern Cape. Furthermore, financial or investment institutions at the Eastern Cape were not prepared to make their list of female investors available to the researcher. However, the sample of this study was identified base on the selection of suitable sampling method in discussions to follow.

When selecting a sample method, there are two main categories to choose from, namely, probability sampling and non-probability sampling (Pellissier 2007:32). According to Zikmund (2003:379), probability sampling takes place when every member of the population has a known, non-zero chance of being selected, whereas non-probability sampling takes place when personal judgment or conviction forms the basis for selection. Figure 4.2 illustrates that a decision needs to be made between non-probability and probability sampling.

FIGURE 4.2: FRAME TO SELECT A SAMPLE



Source: Adapted from Collis and Hussey 2003:156

When the decision is made regarding the two main approaches to selecting a sample, then a specific technique will have to be chosen from that approach to identify the sample.

- *Probability sampling techniques*

Pellissier (2007:32) and Thomas (2004:106) state that probability sampling techniques include simple random sampling, systematic sampling, stratified sampling and cluster sampling.

Simple random sampling is a technique used to ensure that each member in the population has an equal probability of being selected as a sample (Zikmund *et al.* 2010:398). *Systematic sampling* is a process of selecting the sample at regular intervals. Each member of the sample frame must be assigned a unique number. One member of the sample frame needs to be selected randomly as a starting point (Saunders *et al*. 2000:162; Thomas 2004:107).

Stratified sampling is used to increase the representativeness of the sample by creating sub-groups within the population and employing simple random sampling within each group, to constitute the end sample group (Pellissier 2007:32; Thomas 2004:107). *Cluster sampling* is a similar technique to that of stratified sampling whereby the population is divided into groups or clusters which are then selected randomly in order to constitute the sample (Collis & Hussey 2003:158).

- *Non-probability sampling techniques*

Non-probability sampling techniques consist of convenience sampling, quota sampling, judgmental and snowball sampling (Collis & Hussey 2003:156; Kothari 2004:15; Pellissier 2007:32).

Convenience sampling makes use of volunteers who are available and are willing to participate (Pellissier 2007:32; Saunders *et al*. 2000:176). Collis and Hussey (2003:108) add that convenience sampling is sometimes a necessary approach owing to practical constraints. *Quota sampling* is used to increase the representativeness of a sample on related characteristics as identified by the researcher (Zikmund *et al.* 2010:397). Relevant characteristics are used to stratify the sample, which means that the interviewer is given a quota to fill (Cavana, Delahaye & Sekaran 2001:264; Coldwell & Herbst 2004:81).

Judgmental sampling is the technique used where the researcher determines the sample based on their personal judgments about some appropriate characteristic of the sample member (Zikmund *et al.* 2010:654). In addition, Cavana *et al.* (2001:262) explain that judgment sampling is used when the sample is restricted to certain members in the sample frame because the researcher can obtain the desired information from the respondents. *Snowball sampling* refers to several processes through which initial respondents are selected using non-probability methods, and information provided by them is then used to acquire extra respondents (Zikmund 2003:384). Snowball sampling is generally used when members of a small population are sought by using referral (Pellissier 2007:32).

- *Sampling techniques chosen in this study*

For the purpose of this study, non-probability convenience and snowball sampling techniques were determined to be the most suitable. These two methods were adopted because there was no existing database available on women investing in the Eastern Cape. Client databases of women who invest are confidential, and therefore access to these databases was not possible from banks, investment firms and financial institutions. Therefore, the researcher identified the sample of this study by these two non-probability sampling techniques, namely, convenience and snowball sampling.

According to Cooper and Schindler (2007:717) a sample can be defined as is a fraction of the target population or group of participants who are carefully selected to represent a population. Therefore, women who are older than 20 and involved in some form of investing was used in the sample for this study. The reason is that the primary objective of this research is investigate the factors that influence women's *Perceived successful investment planning* in the Nelson Mandela Bay area. The researcher believes women who are qualified for this research should be involved in some kind of investment planning and should preferably have a career. At this life stage, women will be more responsible in managing their finances. Also, the respondents must engage in some level of investment activities to create valuable results for this specific research.

Based on the chosen sample of this study which focused on female investors who are older than 20 years, without the existing database available on female investors in the Eastern Cape, the sampling process began by contacting financial and investment institutions. Examples of these institutions in the Nelson Mandela Bay area were First National Bank, Old Mutual, Sanlam, Standard Bank, Consolidated Financial Planning, Spectrum Group and South City. Due to the confidentiality reason, the lists of female investors were not provided to the researcher. However, several of these institutions agreed to inform and encourage their female clients to participate in this study on the behalf of the researcher.

Together with the respondents listed from these financial institutions' database, research contacts, family members and friends in the Nelson Mandela Bay area were also requested to identify any suitable respondents who could participate in this study. The size of the sample was also increased by referrals made by the participating

respondents through follow-up communications. These potential respondents were contacted and asked to complete the survey by the researcher after confirming their willingness to participate in the study. As a result of the sampling techniques and procedure implemented, 965 potential respondents were identified.

4.5.2.3 Method of data collection

An Internet survey was undertaken and an online structured, self-administered questionnaire was used to gather the necessary primary data in this study. Internet surveys offer time and cost effective as well as the ability to determine accuracy and completeness of answers to a quantitative research and thus are appropriate for this study (Kwak & Radler 2002:269).

The process of developing the measuring instrument will be described in the sections that follow. This description will include the questions used to determine if the respondents were suitable to participate in the study, as well as their suggestions and comments relating to the research topic. In addition, an operational definition for each of the variables of interest will be discussed.

- *Instrument development*

In the present study, the measuring instrument employed consisted of a cover letter and four sections (See Annexure A). A detailed description of the purpose of the study and the type of information requested was provided in the cover letter. The cover letter also included a promise of confidentiality and instructions on how to complete the questionnaire online. The details of the Unit of Applied Management Sciences (previously known as the Unit for Applied Business Management), a registered research centre at the Nelson Mandela Metropolitan, were also provided, because this research was conducted under the auspices of this specific Unit.

Section 1 consisted of 49 statements (items) that were adapted and designed to measure the factors influencing the respondents' perceptions of successful investment planning. A 7-point Likert-type interval scale was employed, and each respondent was requested to indicate the extent to which she agreed with each statement, by placing a

cross (X) in the appropriate column. The 7-point Likert-type interval scale was interpreted as 1 (equal to strongly disagree) to 7 (equal to strongly agree).

Section 2 requested demographic information relating to the respondents, namely, the respondent's age, ethnicity, marital status, education, occupation, investment experience, involvement in investment planning and type of investment instruments owned by each respondent. In addition, Section 3 requested information relating to the respondent's engagement with investment planning. Respondents were instructed to place an (X) next to the relevant answer option. Section 4 provided an open-ended question to gather respondents' suggestions and comments relating to investment planning.

- *Qualifying questions*

The target sample of this study was women 20 years and older who engaged in some form of investment activities. Therefore these criteria became the foundation for qualifying questions of this study. Potential respondents were asked several qualifying questions to ensure that they did in fact qualify to partake in the study. Section 2 of the questionnaires included questions that required respondents to indicate their experience and involvement in investment planning as well as investment activities. Respondents were also asked to indicate the type of investments that they currently held. As a result of the above-mentioned qualifying questions, it was possible to minimise response errors.

- *Open and close-ended questions*

According to Collis and Hussey (2003:179), qualitative studies use open-ended questions and quantitative ones use close-ended questions. Open-ended questions refer to questions where the participants are free to answer the questions in their own words. In contrast, close-ended questions provide the respondents with limited predetermined answers to choose from. Zikmund *et al.* (2010:338) agree that open-ended questions allow participants to answer questions in their own words and close-ended questions are limited by specific responses. This study followed a quantitative approach. Therefore, the measuring instrument of this study made use of the majority of

a Likert-type interval scale and close-ended questions, although one open-ended question is asked.

- *Scale development and operationalisation of variables*

Cooper and Schindler (2007:38) state that an operational definition is used in terms of specific criteria for assessing of the measuring instrument. The operational definition should state the particular features of the object being defined, as well as how these features are to be observed. According to Kowalewski (2014:132), operationalisation is the process of strictly defining variables into quantifiable factors. Operationalisation is thus defining concepts or variables with the use of a scale. The dependent and independent variables were measured by developing suitable scales to measure the relevant concepts (Jankowicz 2005:127). Each variable was then operationalised in terms of the scale. Operationalisation helps improve the quality of the results and the robustness of the measuring instrument.The various operational definitions of the dependent and independent variables used in this study are summarised in Table 4.2, 4.3, 4.4, 4.5, 4.6, 4.7 and 4.8. The definitions are based on an interpretation of secondary sources as well as available empirical studies. In addition, the sources of the items used to measure the selected variable are provided. Where necessary, the items have been reworded to make them more relevant to this research.

TABLE 4.2: OPERATIONALISATION OF THE DEPENDENT VARIABLE: PERCEIVED SUCCESSFUL INVESTMENT PLANNING

Factors	Sources of items
Dependent Variable: *Perceived successful investment planning* Operationalisation: In this study, *Perceived successful investment planning* is defined as the degree of satisfaction women experience with the growth, income or profits of their investments that will enable them to stay in control of their finance as well as plan and achieve their financial goals and objectives.	
1. I am satisfied with the growth of my investments.	Budgar 2011:22; O'Keefe & Burke 2008:44; Investment Discovery Questionnaire 2006:1-9
2. I am satisfied with the income I receive from my investments.	Budgar 2011:22; O'Keefe & Burke 2008:44; Investment Discovery Questionnaire 2006:1-9
3. The growth of my investments exceeds inflation (the general increase in the price of the goods).	Budgar 2011:22; O'Keefe & Burke 2008:44; Investment Discovery Questionnaire 2006:1-9
4. I have made more profits than losses since I started investing.	Budgar 2011:22; O'Keefe & Burke 2008:44; Investment Discovery Questionnaire 2006:1-9
5. The returns/income from my investments gives me financial independence.	'Critical habits' 2012:23
6. I am in control of my financial matters because I am investing.	Benefits of financial planning 2012:10
7. I am able to plan for my future financial needs through engaging in investment planning.	Benefits of financial planning 2012:10
8. I am able to achieve my financial goals by investing.	Williams 1997:77

Source: Researcher's own construction

According to Table 4.2, an eight-item scale was used to measure the dependent variable *Perceived successful investment planning*. Four of Investment Discovery Questionnaire's (2006:1-9) items were used, although the items were reworded. These items were also found in the work of Budgar (2011:22) as well as O'Keefe and Burke (2008:44). There are four additional items which were self-constructed. The four items were based on the literature (Benefits of financial planning 2012:10; 'Critical habits' 2012:23; Williams 1997:77).

TABLE 4.3: OPERATIONALISATION OF THE INDEPENDENT VARIABLE: VALUES

Factors	Source of items
Independent variable: *Values*	
Operationalisation: In this study, *Values* refer to women's personal, family, religious, ethical and cultural values which guide them when investing.	
1. My personal values often guide me when investing.	Journey 2010:14; Swenson 2013:13
2. My family values often guide me when investing.	Bobowik *et al.* 2011:488; Hockenbury & Hockenbury 2007:34
3. My religious values often guide me when investing.	Bobowik *et al.* 2011:488; Hockenbury & Hockenbury 2007:34
4. My ethical values often guide me when investing.	Bobowik *et al.* 2011:488; Hockenbury & Hockenbury 2007:34
5. My cultural values often guide me when investing.	Bobowik *et al.* 2011:488; Hockenbury & Hockenbury 2007:34
6. I only make investments that are aligned with my personal values.	Hockenbury & Hockenbury 2007:34; Irving 2012:47
7. Making investments is important.	Hockenbury & Hockenbury 2007:34; Irving 2012:47

Source: Researcher's own construction

The independent factor *Values* was measured using a seven-item scale in Table 4.3. This scale was self-constructed and based on the literature (Bobowik *et al.* 2011:488; Hockenbury & Hockenbury 2007:34; Irving 2012:47; Journey 2010:14; Swenson 2013:13).

TABLE 4.4: OPERATIONALISATION OF THE INDEPENDENT VARIABLE: ATTITUDES

Factors	Source of items
Independent variable: *Attitudes*	
Operationalisation: In this study, *Attitudes* refer to women being comfortable and confident when making investment decisions.	
1. I am comfortable making investment decisions.	Confidential questionnaire 2014:1-4
2. I am confident making investment decisions.	Confidential questionnaire 2014:1-4
3. I can gain financial wealth through investing.	Goldberg 2005:18; Williams 1997:77
4. I find it easy to make investment decisions.	Hira & Loibl 2006:8
5. I like making investments.	Confidential questionnaire 2014:1-4
6. Women make better investment decisions than men.	Brenner 1995:25; Jefremovas 2000:147; Statman & Weng 2009:14
7. I like to take risks when investing.	Confidential questionnaire 2014:1-4
8. It is necessary to start investing as early as possible.	Cooper & Worsham 2009:23; Swart 2002:145

Source: Researcher's own construction

An eight-item scale was constructed to measure the factor *Attitudes* in Table 4.4. Four items from the Confidential questionnaire (2014:1-4) and Statman and Weng (2009:14) were included. The remaining items was self-constructed and based on the literature (Brenner 1995:25; Cooper & Worsham 2009:23; Goldberg 2005:18; Hira & Loibl 2006:8; Jefremovas 2000:147; Swart 2002:145; Williams 1997:77).

TABLE 4.5: OPERATIONALISATION OF THE INDEPENDENT VARIABLE: TIME HORIZON

Factors	Source of items
Independent Variable: *Time horizon*	
Operationalisation: In this study *Time horizon* refers to the knowledge and preference women have of the time horizon (length) of their investments which are less than five years (short-term horizon), between five to 10 years (medium-term horizon) or longer than 10 years (long-term horizon) when investing.	
1. I prefer to make investments with the time horizon (length) of less than 5 years.	Parker 2011:6
2. I prefer to make investments with the time horizon (length) of less than 10 years.	Parker 2011:6
3. I prefer to make investments with the time horizon (length) of more than 10 years.	Parker 2011:6
4. I consider the time horizon (length) of investment vehicles when investing.	Klos *et al.* 2005:1779
5. I consider my investment goals when choosing the time horizon (length) of my investments.	Klos *et al.* 2005:1779
6. I consider the ease with which I can convert my investments into cash when choosing the time horizon (length) of my investments.	Investment Discovery Questionnaire 2006:1-9
7. I know the time horizon (length) of each of my investments.	Investment Discovery Questionnaire 2006:1-9

Source: Researcher's own construction

According to Table 4.5, for the purpose of measuring the factor *Time horizon,* a seven-item scale was developed. With minor adjustments to the wording, two of the Investment Discovery Questionnaire's (2006:1-9) items were used. The other five items were developed from the literature (Klos *et al.* 2005:1779; Parker 2011:6).

TABLE 4.6: OPERATIONALISATION OF THE INDEPENDENT VARIABLE: PERSONAL LIFE CYCLE

Factors	Source of items
Independent Variable: *Personal life cycle*	
Operationalisation: In this study, *Personal life cycle* refers to women being aware that their investment needs, priorities and goals change as they move through different life stages, as well as different age groups; therefore women need to monitor and change their investment planning accordingly.	
1. I need to monitor and change my investment planning at different stages of my life (i.e. single, married or divorced).	Cooper & Worsham 2009:23; Swart 2002:145
2. My investments need change as I move through the different stages of my life.	Overton 2010:385
3. My investment priorities change as I move through the different stages of my life.	Overton 2010:385
4. Different age groups have different investment goals.	Caldwell 2013:20
5. Investment goals will change according to my life stages (i.e. single, married or divorced).	Caldwell 2013:20; Cooper & Worsham 2009:23; Swart 2002:145
6. Investment goals will change as a person grows older.	Cooper & Worsham 2009:23; Swart 2002:145

Source: Researcher's own construction

The factor *Personal life cycle* was measured using a self-constructed six-item scale in Table 4.6. All these items were based on the literature (Caldwell 2013:20; Cooper & Worsham 2009:23; Overton 2010:385; Swart 2002:145).

TABLE 4.7: OPERATIONALISATION OF THE INDEPENDENT VARIABLE: RISKS AND RETURNS

Factors	Source of items
Independent Variable: *Risks and returns*	
Operationalisation: In this study, Risks and Returns refer to women's awareness of risks and returns as well as their positively correlated relationship (the higher the risk, the higher the return) when investing.	
1. I am aware of the different type of investment risks (i.e market risk, business risk, interest rate risk, inflation risk and liquidity risk).	Mayo 2011:133
2. I am aware that risks and returns are positively correlated. In other words, the higher the risk, the higher the return.	Swart 2002:132
3. I am aware of my investment risks (risks related to each of my investment vehicles).	Confidential questionnaire 2014:1-4
4. I am aware that I need to take more investment risks if I want to get higher returns.	Investment Discovery Questionnaire 2006:1-9
5. I consider the investment risks when choosing the time horizon (length) of my investments.	Swart 2002:132
6. I consider the returns when choosing the time horizon (length) of my investments.	Swart 2002:132

Source: Researcher's own construction

According to Table 4.7, *Risks and returns* were measured using a six-item scale was developed. With minor changes to the wording, two items from the Confidential questionnaire (2014:1-4) and Investment Discovery Questionnaire (2006:1-9) were used. The remaining items were developed from the literature (Mayo 2011:133; Swart 2002:132).

TABLE 4.8: OPERATIONALISATION OF THE INDEPENDENT VARIABLE: INVESTMENT KNOWLEDGE

Factors	Source of items
Independent Variable: *Investment knowledge*	
Operationalisation: In this study, *Investment knowledge* refers to women having knowledge of the different types of investment vehicles, knowing the investment length and cost implications of each investment, past investment experiences as well as knowing how/where to obtain help and relevant investment information in making investment decisions.	
1. I have knowledge about different investment opportunities.	Investment personality Questionnaire 2013:1
2. I have knowledge about the time horizon (length) of different investment vehicles.	Investment Discovery Questionnaire 2006:1-9; Investment personality Questionnaire 2013:1
3. I know who will be able to assist me in making investment decisions.	Andrew 2012:10; Anspach 2013:14, Ehow 2012:1; Guina 2013:12
4. I know the cost implications (i.e. tax or fee payable) of different investment vehicles/opportunities.	Avoid these 12 common investing mistakes 2013:1-13; Carney 2009:10
5. I gather information regarding investment vehicles/opportunities.	Wanyana 2011:65
6. My investment decisions are based on investment knowledge.	Wanyana 2011:65
7. My investment decisions are based on past investment experiences.	Wanyana 2011:65

Source: Researcher's own construction

In order to measure the factor *Investment knowledge,* a seven-item scale was constructed in Table 4.8. With slight adjustment to the wording, two items from the Investment Discovery Questionnaire's (2006:1-9) and Investment personality Questionnaire (2013:1) were used. The remaining items were self-constructed and developed from the literature (Andrew 2012:10; Anspach 2013:14, Avoid these 12 common investing mistakes 2013:1-13; Carney 2009:10; Ehow 2012:1; Guina 2013:12; Wanyana 2011:65).

4.5.2.4 Administration of the measuring instrument

As mentioned previously, Internet surveys or questionnaires were used in this study to gather raw data on women's perceptions regarding financial planning, with specific reference to investment, in the Nelson Mandela Bay. Before conducting the empirical research, the researcher posted questions from this research on a website. A link was created to assist respondents to the online survey's website to assess whether they were willing to participate in this research by completing the online surveys.

First, a pilot study was conducted before the full study was carried out. According to Zikmund *et al.* (2010:65) a pilot study is a small experiment designed to test logistics and gather information prior to a larger study. A pilot study can reveal deficiencies in the design of a proposed experiment or procedure and these can then be addressed before data collection commences on large scale. A good research strategy requires careful planning, and a pilot study will often be a part of this strategy (Lancaster, Dodd & Williamson 2004:309).

A pilot study took place in August 2013 after the ethics clearance number was issued among 20 respondents. The feedback obtained from the pilot study showed that no changes were needed on the survey's structure and understanding of how questions are asked. The time period to complete the online survey was approximately 15 minutes which was an acceptable length for the survey's design.

A more comprehensive data collection commenced in September 2013 and ended in February 2014 after the pilot study. Each respondent received an email which included a formal invitation which gave the respondents an understanding of what this research was about and asked for their willingness to participate in this research. In this invitation

letter, a link to the website which led to the online Internet survey (created earlier by the researcher) was also included for respondents to follow and complete when they found free time.

4.5.2.5 Sample size and response rate

A sample is defined as the number of observations or people to include in a sample of a research study (Burns & Burns 2008:245). Osborne and Costello (2004:7) highlight that a sample size affects error rates and the generalisability to the population of the research. As the sample size increases, the margin of error decreases, while, the accuracy of population estimated and the generalisability of the results increases. It is suggested by Comfrey and Lee (1992:60) and MacCallum *et al.* (1999:84) that general guidelines recommend a minimum sample size of at least 200 respondents to reduce possible errors and obtain a fair generalisability level of the results for a quantitative research. Therefore at least 200 completed questionnaires will be required for this study. In the present study, 225 completed questionnaires were returned by the respondents, of which 207 were usable for further statistical analyses. The final sample size used for the purpose of this study was thus 207.

According to Zikmund (2003:25), the response rate is the number of people who responded to the questionnaire, and can be calculated by taking the number of completed or returned questionnaires divided by the total number of suitable people who were asked to participate in a study. Therefore, a response rate of 23.31% was realised for this study. A more detailed breakdown of the response rate is provided in Table 4.9 to follow.

TABLE 4.9: RESPONSE RATE

	Number of respondents
Sample size	965
Total number of questionnaires returned	225
Usable questionnaires returned	207
Response rate	23.31%

Source: Researcher's own construction

4.6 DATA ANALYSIS

Data analysis is the process of interpreting and making sense of the data (Creswell 2003:190). Data analysis is performed using appropriate statistical techniques once the primary data has been collected (Zikmund *et al.* 2010:70). In this study, the primary data collected from the research questionnaire was captured in Microsoft Excel. The validity and reliability of the measuring instrument was assessed before the analysis of the data was conducted after ensuring the validity and reliability.

4.6.1 VALIDITY

According to Clarke (2003:24) and Miller (2014:3), validity refers to whether the measuring instrument measures what it claims to measure. Neuman (1994:36), as well as Coldwell and Herbst (2004:17), differentiate between internal validity and external validity. According to these researchers, internal validity is specific to the particular research study at hand, whereas external validity refers to the generalisation of the results in similar situations. There are four basic approaches to validity, namely, face, content, construct and criterion validity (Collis & Hussey 2003:59; Kothari 2004:74; Zikmund *et al.* 2010:304).

Face validity, according to Clarke (2003:26), is the degree to which a test appears to measure what it purports to measure. *Content validity* refers to whether the measuring instrument adequately covers and represents the topic of study (Coldwell & Herbst 2004:18; Kothari 2004:74). *Criterion validity* refers to the practicality of the measure as well as its ability to estimate a particular outcome (Miller 2014:3). The last validity method is *Construct validity,* which refers to the degree to which a test measures an intended hypothetical construct (Coldwell & Herbst 2004:18).

The validity of the measuring scales in this study was determined by making use of a pilot study and an Exploratory Factor Analysis (EFA). A pilot study needs to be conducted in order to identify and resolve uncertainties about the content, structure and design of the questions which researchers intend to ask respondents in a study of a small subgroup (Jankowicz 2005:388). Lancaster *et al*. (2004:309) explain that the goal of a pilot study is to minimise the risk of failure by testing the study on small scale first to

sort out all the possible problems. Therefore a pilot study was used to assess the content validity of the research instrument.

According to Child (2006:67) and Suhr (2006:2), the goals of an EFA are to determine latent constructs in the set of variables, explaining variances that occur among the variables, and defining the factors or latent constructs. An EFA was undertaken to assess the construct validity of the self-developed measuring instrument (Bryman & Bell 2007:165). Factor loadings are used in the EFA to represent the strength of the correlation between the variable and the factor. The larger the factor loading the more the variable has contributed to that factor (Kline 1994:34).

Researchers need to determine a significant loading cut-off to make interpretation easier and for a statistically meaningful rotated factor loading. The choice of cut-off may depend on the ease of interpretation, including how complex variables are being handled (Stevens 2002:78; Tabachnick & Fidell 2007:50). Hair, Anderson, Tatham and Black (1995:78) categorise factor loadings using a rule of thumb, as loadings less than 0.3 are unimportant, between 0.3 and 0.4 are important, and equal to greater than 0.5 are significant.

If no correlations go beyond 0.30, the researcher should reconsider whether factor analysis is the appropriate statistical method to use. In this study, factor loadings of greater than 0.5 was considered the cut-off point for the EFA results. In addition, factors with two items or less loading onto them were excluded from further analyses (Suhr 2006:4; Williams *et al.* 2010:5).

4.6.2 RELIABILITY

Reliability refers to the fact that should the measuring instrument be applied again, the same results will occur (Collis & Hussey 2003:58; Thomas 2004:30). Reliability lends credibility to the research in that if the research study were to be repeated, the same results would be obtained (Kothari 2004:74). Clarke (2003:24) and Miller (2014:3) explain that a researcher can achieve reliability without validity, but in order to be valid, a measuring instrument needs to be reliable.

In order to assess the reliability of the measuring scales, Cronbach's alpha coefficients were calculated. Cronbach's alpha coefficient is a measure of internal consistency, that is, how closely related a set of items are as a group (Cooper & Schindler 2007:322; Wilson 2010:200). According to Struwig and Stead (2001:66), Cronbach's alpha coefficients are often used for measuring instruments that make use of Likert-type interval scales, as is the case in this study.

As stated by Burns and Burns (2008:417), Cronbach's alpha coefficient is the average of all the split half correlations from all possible splits into halves of the items in the measuring instrument. A coefficient of 0.8 or above is considered as highly acceptable for assuming reliability of items, while 0.7 is the limit of acceptability (Burns & Burns 2008:417; McCrae, Kurtz, Yamagata & Terracciano 2011:30). Therefore, a Cronbach's alpha coefficient value below 0.7 indicated poor reliability and implied poor predictive validity in this study.

4.6.3 DESCRIPTIVE STATISTICS

According to Zikmund *et al. (*2010:410) descriptive statistics are concerned with the description and summary of the data obtained for a group of individual units of analysis. Descriptive statistics entails measuring the mean, median, mode, frequency distribution and standard deviation of the data (Creswell 2003:172; Wilson 2010:217). The mean, median and mode are all estimates of where the middle of a set of data is (Coldwell & Herbst 2004:103).

The mean is the average, and is obtained by dividing the sum of observed values by the number of observations. The median is the middle value of a set of data containing an odd number of values, or the average of the two middle values of a set of data with an even number of values. The mode of a set of data is the value which occurs most frequently (Burns & Burns 2008:124).

The standard deviation is the average distance between the actual data and the mean. In other words, the standard deviation gives an idea of how close the entire set of data is to the average value (Burns & Burns 2008:131; Coldwell & Herbst 2004:104). In this study, the descriptive statistics will be presented by frequency tables, bar charts, pie charts and graphs to support the discussion.

4.6.4 PEARSON PRODUCT MOMENT CORRELATION COEFFICIENT

The Pearson Product Moment Correlation Coefficient (r), or correlation coefficient is a measure of the degree of linear relationship between two variables (Stockburger 2013.54). Dancey and Reidy (2004:34) define a correlation coefficient as a numerical indicator of the strength and direction (positive or negative) of the linear relationship between two variables. The relationship between variables is denoted by the correlation coefficient, which is a number between 0 and 1.0.

TABLE 4.10: VALUE OF THE CORRELATION COEFFICIENT

Value of the Correlation Coefficient	Strength of Correlation
1	Perfect
0.7 - 0.9	Strong
0.4 - 0.6	Moderate
0.1 - 0.3	Weak
0	Zero

Source: Adapted from Dancey and Reidy 2004:34

Variables can be correlated either positively or negatively. In order to indicate the direction of the correlation, there is a positive sign (+) is put in front of the correlation coefficient for positive correlations or a negative sign (-) for negative correlations. Table 4.10 presents some rules of thumb on the different relationships between variables on various values of the correlation coefficient.

If there is no relationship between the variables under investigation then the correlation coefficient is 0, or non-existent. As the strength of the relationship between the variables increases, so does the value of the correlation coefficient, with a value of 1 showing a perfect relationship. In general, the higher the correlation coefficient, the stronger the relationship (Dancey & Reidy 2004:34; Stockburger 2013.54). For the purpose of this study, the correlation coefficients were interpreted based on the value range in Table 4.10.

4.6.5 MULTIPLE REGRESSION ANALYSIS

For this study, multiple regression analysis was conducted in order to investigate whether relationships exist between the dependent and independent variables. Multiple regression analysis is the technique used in determining the influence of each independent variable on the dependent variable (Cooper & Schindler 2007:575). Kothari (2004:130) states that multiple regression analysis is used when there are two or more independent variables that are presumed to have an influence on one dependent variable.

When conducting multiple regression analysis, beta weights, otherwise known as regression coefficients, are calculated and assigned to each independent variable. These betas then indicate how changes in the independent variable affect the dependent variable (Han 2006:125; Thomas 2004:212). As stated by Miller and Salkind (2002:396), the multiple correlation is squared for the purposes of interpretation, therefore R^2 is referred to as the coefficient of multiple determination. The purpose is to describe the variation in the dependent variable.

4.6.6 ANALYSIS OF VARIANCE

Analysis of Variance (ANOVA) is a hypothesis testing procedure used to determine if mean differences exist for two or more samples (Zikmund *et al.* 2010:648). ANOVA uses a test (the F-test) to determine whether there are significant differences between the means of the groups (Burns & Burns 2008:285). Once the F-test statistic is calculated, a p-value is calculated, which tells researchers how to find differences between the means of groups. A cut-off point of $p < 0.05$ is used as a rule of thumb to determine whether or not a relationship is significant (Blumberg, Cooper & Schindler 2008:637; Burns & Burns 2008:288). Hence, for this study, $p < 0.05$ is used as the cut-off point for the ANOVA results.

In this study, the influence that selected demographic factors have on the independent variables (*Investment knowledge*, *Personal life cycle* and *Values)* and the dependent factor (*Perceived successful investment planning)* were determined. It was hypothesised that the demographic variables would have no influence on the

aforementioned variables. In order to investigate these hypotheses, an ANOVA was undertaken.

4.7 SUMMARY

In this chapter, an overview of research design and two main research methodologies were presented. The research methodology was chosen for this study was the positivistic research paradigm or quantitative research. Thereafter, the research methods associated with the quantitative approach were discussed, where specific attention was paid to questionnaires as they pertained to this study. An Internet survey or questionnaire was chosen as the most suitable research method for the purpose of this study.

Secondary data was defined, and thereafter primary data was elaborated in more detail. The population and sample unit were discussed as well as the various sampling techniques that are available. Convenience and snowball sampling techniques were determined to be the most suitable for this study. An overview and discussion was provided on the measuring instrument, together with an operationalisation of each factor. The administration of the measuring instrument was also discussed in detail. The data analysis conducted in this particular study was described in detail, with emphasis placed on validity (Exploratory Factor Analysis) and reliability (Cronbach's alpha coefficient) methods, as well as descriptive statistics, Pearson Product Moment Correlation Coefficient, multiple regression analysis and Analysis of Variance (ANOVA).

The empirical findings which are performed through different statistical analyses regarding respondents' demographic background, engagement in investment planning and their perceptions on the factors influencing successful investment planning will be presented and discussed in Chapter 5.

CHAPTER 5
EMPIRICAL RESULTS

5.1 INTRODUCTION

In Chapter 4 the major aspects of the research design and methodology adopted in this study were presented. The positivistic research methodology (quantitative research) is adopted for this study. An Internet survey was chosen as the most relevant method to conduct the empirical investigation, whose main objective is to investigate the factors that influence women's *Perceived successful investment planning*. In Chapter 5 the results of the empirical investigation will be presented and discussed.

Chapter 5 commences with a summary of the demographic information from the respondents, as well as their level of engagement in investment planning. Following that, results of the validity and reliability assessments will then be presented. An Exploratory Factor Analysis was used to evaluate the validity of the measuring instrument. Cronbach's alpha coefficients were calculated to verify the reliability of the measuring instrument. Descriptive statistics will then be presented to illustrate the sample data.

Furthermore, the revised hypothesised model and hypotheses will be provided based on the results of the exploratory factor analysis. In order to establish the correlations between the independent and dependent variables, the Pearson Product Moment Correlation Coefficient was employed. The proposed hypotheses of the study were tested using multiple regression analysis. To determine the possible influence of the selected demographic variables on the dependent and independent variables, an Analysis of Variance was undertaken. The empirical results of all the mentioned analyses will be presented in the following sections. Lastly, additional remarks made by respondents will be provided.

5.2 BACKGROUND OF THE RESPONDENTS

The data regarding the background of respondents was collected in Sections 2 and 3 of the questionnaire. Section 2 comprised several questions concerning this, while Section

3 contained questions concerning the level of respondents' engagement in investment planning.

5.2.1 DEMOGRAPHIC INFORMATION

A summary of the collected demographic data from the respondents is presented in Table 5.1. In addition, graphical presentations of the demographic data, namely: age, ethnic background, marital status, qualification, employment situation, investment experience, involvement in doing investment planning, and type of investment instruments, can be found in Annexure B.

The majority of the respondents in the present study were between the ages of 40 and 49 (32%), followed by those between the ages of 30 and 39 (23%) and between the ages of 50 to 59 (22%). A small group of respondents were between the ages of 20 and 29 (14%) and older than 60 years of age (9%). With regard to ethnic background, most of the respondents were White (71%), while a small group were Asian (3%) and Indian (3%). The remaining ethnic groups, namely Black (11%) and Coloured (11%) participated equally. Three respondents (1%) were not willing to indicate their ethnic affiliation.

Most of the respondents were married (64%), followed by single (18%) and divorced (10%). Some of the respondents indicated that they were in partnerships (5%) or widowed (3%). Regarding the respondents' highest qualifications, most of them indicated that they held a post-graduate degree (45%), followed by respondents who had a diploma (24%). A few respondents indicated that they held a bachelor degree (15%), grade 12 certificate (14%), grade 10 and tertiary certificate (2%).

The great majority of respondents were employed full-time (84%), while a small group were employed on a part-time basis (8%). The remaining respondents indicated that they were retired (3%), homemakers (1%), students (1%), employed on contract, and self-employed (3%). Nearly half of the respondents had investment experience in excess of 10 years (45%), followed by investment experience of between one and five years (31%) and between six and 10 years (17%). Only 7% of the respondents indicated having investment experience of less than one year.

TABLE 5.1: DEMOGRAPHIC INFORMATION FROM RESPONDENTS

Demographic variable	Respondents	
Age	**Frequency (N)**	**(%)**
< 20 years	0	0
20-29 years	30	14
30-39 years	47	23
40-49 years	66	32
50-59 years	46	22
> 60 years	18	9
Total	**207**	**100.00**
Ethnic background	**Frequency (N)**	**(%)**
Asian	6	3
Black	22	11
Coloured	22	11
Indian	7	3
White	147	71
Other (Ethnic background not specified)	3	1
Total	**207**	**100.00**
Marital status	**Frequency (N)**	**(%)**
Single	36	18
Partnership	10	5
Married	133	64
Separated	0	0
Divorced	21	10
Widowed	7	3
Total	**207**	**100.00**
Qualification obtained	**Frequency (N)**	**(%)**
Grade 12	29	14
Diploma	49	24
Bachelor Degree	32	15
Postgraduate Degree	93	45
Other (Grade 10 and tertiary certificates)	4	2
Total	**207**	**100.00**
Employment situation	**Frequency (N)**	**(%)**
Full-time	174	84
Part-time	17	8
Retired	5	3
Homemaker	2	1
Unemployed	0	0
Student	2	1
Other (Contract and self-employed)	7	3
Total	**207**	**100.00**
Investment experience	**Frequency (N)**	**(%)**
< 1 year	15	7
1-5 years	65	31
6-10 years	35	17
> 10 years	92	45
Total	**207**	**100.00**

Source: Researcher's own construction

With regard to the level of personal involvement in investment planning, three-quarters of the respondents (75%) made use of a professional to conduct their investment planning. Other assistance was provided by partners/friends/family (39%) or an investment club (2%). Some of the respondents (26%) preferred to make the investment decisions by themselves. Table 5.2 gives an indication of respondents' level of personal involvement in investment planning.

TABLE 5.2: LEVEL OF PERSONAL INVOLVEMENT IN INVESTMENT PLANNING

Ranking	Involvement	Frequency	Percentage
1	I make investment decisions with the help of a professional.	155	75%
2	I make investment decisions with the help of my partner/friends/family.	81	39%
3	I make investment decisions by myself.	54	26%
4	I make investment decisions through an investment club.	4	2%

Source: Researcher's own construction

According to Table 5.3, retirement plans (81%) are considered the most used investment instrument by respondents in this study. In addition, the majority of respondents held property (56%) and invested in money market instruments (50%). Shares (36%), collective investment schemes (26%) and bonds (18%) were also fairly popular investment instruments used by respondents. A few respondents invested in other investment vehicles (4%) such as unit trusts, artworks, jewellery, daily interest account for savings, and religious compliance investments. Only 1% of the respondents made use of derivatives such as an investment vehicle. Religious compliance investments are, for example, an investment company providing products which focus on, and are managed in accordance with, Islamic principles.

TABLE 5.3: TYPE OF INVESTMENT INSTRUMENTS

Ranking	Investment instruments	Frequency	Percentage
1	Retirement plan (i.e. living annuity, retirement annuity)	168	81%
2	Property	115	56%
3	Money market instruments	103	50%
4	Shares	74	36%
5	Collective investment schemes	53	26%
6	Bonds	37	18%
7	Other (Unit trusts, artworks, jewellery, daily interest account for savings, and religious compliance investments)	8	4%
8	Derivatives (Futures, options)	3	1%

Source: Researcher's own construction

5.2.2 ENGAGEMENT IN INVESTMENT PLANNING

A summary of the data collected from respondents regarding the problems experienced while investing follows. Furthermore, media sources, reasons to invest and time horizon of investments are presented in the paragraphs below.

5.2.2.1 Problems experienced while doing investment planning

The majority of the respondents pointed out that limited financial resources (59%) and the volatility of financial markets/economic cycles (40%) are the key problems which they experience while engaging in investment planning. Respondents also encountered problems such as limited investment knowledge (35%), fear of making investment decisions (33%), tax implications of investments in terms of capital gains tax, dividends withholding tax (24%), and procrastination (22%).

A small group of respondents found lack of time (17%) and obtaining information/assistance to be challenges when doing investment planning (14%). The remaining respondents (2%) indicated that age, lack of disposable income to invest, and being risk-averse, were problems that concerned them when investing. Table 5.4 presents a ranking of problems faced by respondents while doing investment planning.

TABLE 5.4: PROBLEMS EXPERIENCED WHILE DOING INVESTMENT PLANNING

Ranking	Problems	Frequency	Percentage
1	Limited financial resources	122	59%
2	Volatility of financial markets and economic cycles	82	40%
3	Little investment knowledge	72	35%
4	Fear of making investment decisions	68	33%
5	Tax	50	24%
6	Procrastination	45	22%
7	Lack of time to invest	36	17%
8	Finding answers/getting information and help	29	14%
9	Other (Age, lack of disposable income to invest and being risk-averse)	4	2%

Source: Researcher's own construction

5.2.2.2 Media sources

Regarding the list of media sources that were used to obtain investment information, more than three-quarters of the respondents (80%) made use of investment organisations and/or professionals. Other media sources that were used were partner/friends/family (37%), Internet websites (36%) and financial news/magazines (31%). Some of the respondents indicated that they used television (10%) or seminars, conferences and workshops (9%) as media sources to obtain investment information. Table 5.5 presents a ranking of media sources used when engaging in investment planning.

TABLE 5.5: MEDIA SOURCES

Ranking	Media sources	Frequency	Percentage
1	Investment organisations/professionals	164	80%
2	Partner/friends/family	76	37%
3	Internet websites	75	36%
4	Financial news/magazines	64	31%
5	Television	21	10%
6	Seminars, conferences and workshops	18	9%

Source: Researcher's own construction

5.2.2.3 Reasons for investing

According to Table 5.6, the majority of respondents invested either for retirement purposes (81%) or to accumulate wealth (75%). In addition, most of the respondents invested to provide income protection for themselves against disability or illnesses (61%) or to provide financial protection for their family in the event of their death (57%). Following that, education funds (41%), emergency funds (38%), major expenditures (33%) and preserving wealth for offspring/children (24%) were also reasons for investing. A small group of respondents invested because they wanted to control expenses or debt (15%), provide donations to charity (2%), or the family decided to invest (0.5%). Table 5.6 summarises the reasons why respondents of this study invested.

TABLE 5.6: REASONS FOR INVESTING

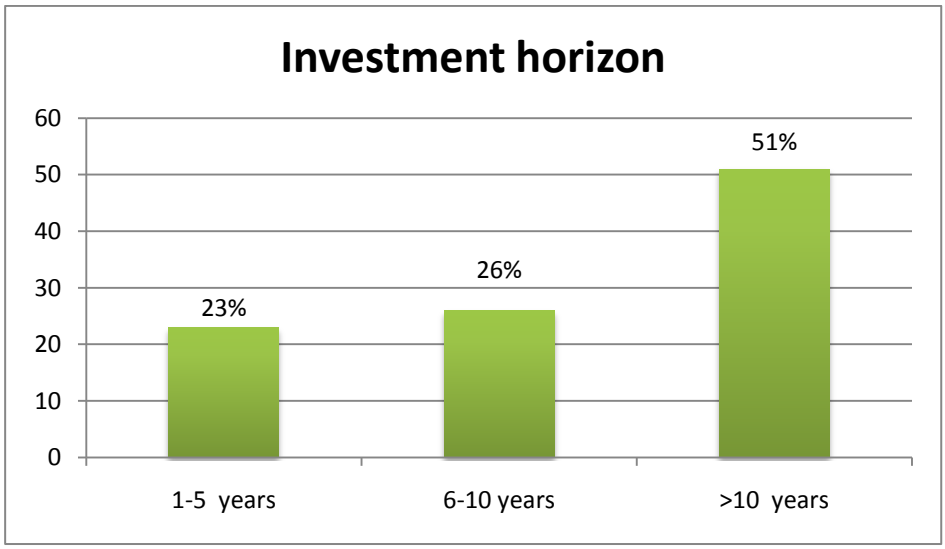
Ranking	Reasons	Frequency	Percentage
1	Investment for retirement (maintain/create desired lifestyle at retirement)	167	81%
2	Accumulating wealth for the future	155	75%
3	Provide income protection to myself in case I become ill or disabled or experience health problem	126	61%
4	Provide financial protection for my family in the event of my death	117	57%
5	Children/grandchildren's education	85	41%
6	Emergency cash reserves	78	38%
7	Major expenditures (i.e. for buying cars, houses or travelling expenses)	69	33%
8	Preserving wealth for offspring/children	49	24%
9	Controlling expenses or debt	32	15%
10	Donations to charity	4	2%
11	Other (Family decision)	1	0.5%

Source: Researcher's own construction

5.2.2.4 Investment horizon

Regarding the investment horizon, more than half of the respondents had an investment horizon in excess of 10 years (51%). The remainder held investments of between one and five years (23%) and between six and 10 years (26%). Figure 5.1 presents the respondents' investment horizon in this study.

FIGURE 5.1: INVESTMENT HORIZON



Source: Researcher's own construction

5.3 RESULTS OF THE VALIDITY AND RELIABILITY ANALYSES

Validity refers to the ability of a scale or measuring instrument to measure what it is intended to measure (Miller 2014:3; Zikmund 2003:302). For the purpose of this study, an Exploratory Factor Analysis (EFA) was undertaken to assess the construct validity of the measuring instrument. Items with loadings greater than 0.5 that loaded onto one factor only were considered significant in this study (Zikmund *et al*. 2010:259). Factors with loadings of two or less items were excluded from further analysis (Suhr 2006:4).

Reliability means that if the measuring instrument is applied again, the same results will occur (Collis & Hussey 2003:58). In order to verify the reliability of the measuring instrument, the Cronbach's alpha coefficients were calculated. A coefficient of less than 0.6 is considered to be unreliable, 0.6 to 0.7 reflects fair reliability, and coefficients of more than 0.7 are considered highly reliable (Zikmund *et al*. 2010:302). Therefore, Cronbach's alpha coefficient values below 0.7 in this study were deemed unreliable.

TABLE 5.7: FACTOR STRUCTURE OF THE VARIABLES

Items	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Factor 7
ATT1	**0.822**	-0.066	0.005	0.229	0.034	-0.053	0.042
ATT2	**0.809**	-0.003	0.046	0.233	-0.051	-0.118	-0.035
IK1	**0.779**	0.083	0.069	0.142	-0.041	-0.085	0.092
IK3	**0.774**	-0.002	0.081	0.255	0.000	-0.002	-0.090
IK2	**0.752**	0.202	0.087	0.050	-0.142	0.060	-0.006
IK6	**0.750**	-0.036	0.113	0.019	0.096	0.162	0.004
RR1	**0.744**	0.097	0.077	0.119	0.024	0.095	-0.157
TH7	**0.686**	0.152	0.106	0.046	0.093	0.162	0.203
RR3	**0.640**	0.178	0.023	0.219	0.080	0.199	0.161
RR5	**0.633**	0.159	0.116	-0.055	0.010	0.378	0.086
TH5	**0.603**	0.121	-0.001	0.064	-0.008	0.373	0.175
IK5	**0.578**	0.146	0.059	0.004	-0.049	-0.041	0.162
ATT4	**0.558**	-0.082	-0.072	0.360	0.028	-0.173	0.072
PLC1	0.045	**0.839**	-0.003	0.089	0.008	0.018	-0.009
PLC2	0.078	**0.798**	0.059	0.137	0.009	0.037	0.001
PLC3	0.211	**0.790**	0.016	-0.085	-0.077	0.043	0.068
PLC6	0.083	**0.780**	-0.010	0.122	-0.009	0.095	0.112
PLC4	-0.032	**0.669**	0.111	-0.024	0.042	-0.042	0.074
VAL4	0.053	0.026	**0.742**	0.012	0.032	0.112	-0.097
VAL5	-0.070	-0.136	**0.709**	-0.031	-0.002	-0.204	0.201
VAL1	0.240	0.207	**0.709**	0.108	0.065	0.075	-0.146
VAL6	0.225	0.084	**0.700**	0.026	0.133	0.122	-0.111
VAL3	0.005	-0.079	**0.688**	-0.023	0.063	-0.056	0.150
VAL2	0.076	0.165	**0.584**	-0.107	-0.050	0.090	0.134
SIP2	0.295	0.029	-0.006	**0.728**	-0.093	0.006	0.137
SIP5	0.094	0.046	0.058	**0.716**	-0.001	0.004	0.001
SIP1	0.424	0.107	-0.012	**0.697**	-0.035	0.104	0.048
SIP3	0.365	0.096	-0.110	**0.522**	-0.035	0.225	-0.062
SIP8	0.225	0.102	0.051	**0.504**	0.126	0.054	0.400
TH1	-0.019	-0.042	0.119	0.054	**0.828**	-0.012	-0.058
TH2	0.088	-0.036	0.146	0.042	**0.815**	0.085	-0.083
RR4	-0.034	-0.027	0.041	0.088	-0.045	**0.699**	0.056
RR2	0.099	0.176	0.045	0.102	-0.104	**0.608**	0.209
ATT8	-0.071	0.025	0.004	0.119	-0.108	0.160	**0.664**
VAL7	-0.051	0.165	0.025	0.134	-0.099	0.255	**0.641**
ATT5	0.395	0.112	-0.071	0.015	-0.078	-0.079	**0.572**
SIP4	0.335	0.126	0.013	0.465	0.076	0.055	0.363
SIP6	0.356	0.105	-0.017	0.232	-0.082	-0.233	0.361
PLC5	-0.072	0.469	0.012	0.000	0.035	0.214	0.332
TH4	0.419	0.168	0.018	0.033	0.075	0.444	0.327
SIP7	0.355	0.125	0.028	0.387	-0.178	-0.029	0.277
IK7	0.159	0.147	0.193	0.309	0.064	0.054	0.237
RR6	0.356	0.167	0.124	0.098	0.193	0.400	0.150
TH6	0.275	0.195	0.172	0.016	0.131	-0.182	0.141
IK4	0.390	0.104	0.028	0.236	0.107	-0.015	0.129
TH3	0.100	-0.065	0.125	0.201	**-0.753**	0.137	-0.040
ATT3	0.271	0.219	0.012	0.461	0.076	0.409	-0.065
ATT6	0.281	-0.185	0.040	0.278	-0.092	0.129	-0.085
ATT7	0.138	-0.051	0.404	0.021	0.224	0.027	-0.131
Expl.Var	8.440	3.896	3.279	3.493	2.260	2.272	2.450
Prp.Totl	17.224%	7.951%	6.692%	7.130%	4.613%	4.637%	5.000%

(**Key:** IK = Investment knowledge; PLC = Personal life cycle; VAL = Values; SIP = Perceived successful investment planning; TH = Time horizon; R&R = Risks and Returns; ATT = Attitudes)

Source: Researcher's own construction

The factor structure resulting from the EFA is summarised in Table 5.7 and discussed in the sections to follow.

5.3.1 INVESTMENT KNOWLEDGE

Of the seven items (IK1, IK2, IK3, IK4, IK5, IK6 and IK7) used to measure the factor *Investment knowledge*, only five loaded together onto this factor. The remaining two items (IK4 and IK7) did not load at all on any factor and were subsequently excluded from further analysis. In addition, three items (ATT1, ATT2 and ATT4) originally developed to measure *Attitudes*, as well as three items (RR1, RR3 and RR5) created to measure the factor *Risks and Returns,* also loaded onto this factor. Two items (TH5 and TH7) developed to measure the factor *Time horizon,* also loaded onto the factor *Investment knowledge*.

TABLE 5.8: FACTOR 1 – INVESTMENT KNOWLEDGE (IK)

Eigenvalue: 11.100 **% of Variance:** 17.224		**Cronbach's alpha:** 0.924		
Item	**Question**	**Factor loading**	**Item-total correl.**	**Cronbach's alpha after deletion**
ATT1	I am comfortable making investment decisions.	0.822	0.795	0.914
ATT2	I am confident making investment decisions.	0.809	0.802	0.913
IK1	I have knowledge about different investment opportunities.	0.779	0.758	0.915
IK3	I know who will be able to assist me in making investment decisions.	0.774	0.765	0.915
IK2	I have knowledge about the time horizon (length) of different investment vehicles.	0.752	0.719	0.917
IK6	My investment decisions are based on investment knowledge.	0.750	0.695	0.918
RR1	I am aware of the different types of investment risk (i.e. market risk, business risk, interest rate risk, inflation risk and liquidity risk).	0.744	0.707	0.917
TH7	I know the time horizon (length) of each of my investments.	0.686	0.668	0.919
RR3	I am aware of my investment risks (risks related to each of my investment vehicles).	0.640	0.662	0.920
RR5	I consider the investment risks when choosing the time horizon (length) of my investments.	0.633	0.584	0.922
TH5	I consider my investment goals when choosing the time horizon (length) of my investments.	0.603	0.580	0.922
IK5	I gather information regarding investment vehicles/opportunities.	0.578	0.528	0.924
ATT4	I find it easy to make investment decisions.	0.558	0.521	0.925

Source: Researcher's own construction

An Eigenvalue of 11.100 was reported for the factor *Investment knowledge*. From Table 5.8, it can be seen that factor loadings ranged from 0.558 to 0.822 for the statements measuring the factor *Investment knowledge*. The factor *Investment knowledge* explained 17.224% of the variance in the data. Sufficient evidence of validity was thus provided. The Cronbach's alpha coefficient for *Investment knowledge* was 0.924, suggesting that the measuring instrument was reliable.

Despite only five of the items originally developed to measure *Investment knowledge* loading onto this factor, its name remained unchanged, as the other items that loaded onto it also referred to women's knowledge about making investment decisions. For the purpose of this study, *Investment knowledge* refers to women being comfortable and confident in making investments, having knowledge of the different types of investment vehicles, knowing the investment risks involved and length of each investment, as well as knowing how/where to obtain help and relevant investment information in making investment decisions.

5.3.2 PERSONAL LIFE CYCLE

Only one (PLC5) out of six items (PLC1, PLC2, PLC3, PLC4, PLC5 and PLC6) expected to measure the factor *Personal life cycle* did not load onto this factor, while the remaining items all loaded together. Therefore item PLC5 was not used in subsequent analyses.

Table 5.9 revealed an Eigenvalue of 3.737 and factor loadings of between 0.669 and 0.839 for this factor. The factor *Personal life cycle* explained 7.951% of the variance in the data. Sufficient evidence of validity was thus provided. The Cronbach's alpha coefficient for *Personal life cycle* was 0.839, showing that the measuring instrument used to measure the factor was reliable.

TABLE 5.9: FACTOR 2 – PERSONAL LIFE CYCLE (PLC)

Eigenvalue: 3.737 **% of Variance:** 7.951		**Cronbach's alpha:** 0.839		
Item	**Question**	**Factor loading**	**Item-total correl.**	**Cronbach's alpha after deletion**
PLC1	I need to monitor and change my investment planning at different stages of my life (i.e. single, married or divorced).	0.839	0.745	0.775
PLC2	My investments need change as I move through the different stages of my life.	0.798	0.696	0.796
PLC3	My investment priorities change as I move through the different stages of my life.	0.790	0.681	0.795
PLC6	Investment goals will change as a person grows older.	0.780	0.665	0.812
PLC4	Different age groups have different investment goals.	0.669	0.541	0.854

Source: Researcher's own construction

As the majority of items originally used to measure *Personal life cycle* loaded together, the name for this factor remained unchanged. *Personal life cycle* refers to women being aware that their investment needs, priorities and goals change as they move through different life stages, as well as different age groups; therefore women need to monitor and change their investment planning accordingly.

5.3.3 VALUES

Of the seven items intended to measure the factor *Values,* six items (VAL1, VAL2, VAL3, VAL4, VAL5 and VAL6) loaded together as expected. The remaining item VAL7 loaded onto the factor *Attitudes*. An Eigenvalue of 3.425, as well as the factor loadings of between 0.584 and 0.742, were found for this factor and are shown in Table 5.10. Sufficient evidence of validity was thus provided. The factor *Values* explained 6.692% of the variance in the data. The Cronbach's alpha coefficient for *Values* was 0.793, showing that the measuring instrument used to measure the factor was reliable.

TABLE 5.10: FACTOR 3 – VALUES (VAL)

Eigenvalue: 3.425 **% of Variance:** 6.692		**Cronbach's alpha:** 0.793		
Item	**Question**	**Factor loading**	**Item-total correl.**	**Cronbach's alpha after deletion**
VAL4	My ethical values often guide me when investing.	0.742	0.605	0.747
VAL5	My cultural values often guide me when investing.	0.709	0.518	0.769
VAL1	My personal values often guide me when investing.	0.709	0.613	0.749
VAL6	I only make investments that are aligned with my personal values.	0.700	0.587	0.753
VAL3	My religious values often guide me when investing.	0.688	0.525	0.772
VAL2	My family values often guide me when investing.	0.584	0.467	0.779

Source: Researcher's own construction

As all the items originally expected to measure *Values,* except for one item, loaded onto this factor, the name for this factor remained unchanged. For the purpose of this study, *Values* refers to women's ethical, cultural, personal, religious and family values which guide them when investing.

5.3.4 PERCEIVED SUCCESSFUL INVESTMENT PLANNING

Five out of eight items (SIP1, SIP2, SIP3, SIP5 and SIP8) originally developed to measure the factor *Perceived successful investment planning* loaded together. The items SIP4, SIP6 and SIP7 did not load at all on any other factor and were subsequently excluded from further analysis. An Eigenvalue of 2.282 and factor loadings of between 0.504 and 0.728 were reported for this factor in Table 5.11.

The factor *Perceived successful investment planning* explained 7.130% of the variance in the data. Sufficient evidence of validity was thus provided. The Cronbach's alpha coefficient for *Perceived successful investment planning* was 0.793, showing that the measuring instrument used to measure the factor was reliable.

TABLE 5.11: FACTOR 4 – PERCEIVED SUCCESSFUL INVESTMENT PLANNING (SIP)

Eigenvalue: 2.282 **% of Variance:** 7.130		**Cronbach's alpha:** 0.793		
Item	**Question**	**Factor loading**	**Item-total correl.**	**Cronbach's alpha after deletion**
SIP2	I am satisfied with the income I receive from my investments.	0.728	0.676	0.718
SIP5	The returns/income from my investments gives me financial independence.	0.716	0.507	0.780
SIP1	I am satisfied with the growth of my investments.	0.697	0.688	0.716
SIP3	The growth of my investments exceeds inflation (the general increase in the price of goods).	0.522	0.534	0.765
SIP8	I am able to achieve my financial goals by investing.	0.504	0.478	0.781

Source: Researcher's own construction

Despite only five of the items originally expected to measure *Perceived successful investment planning* loading onto this factor, the name for it remained unchanged. In this study, *Perceived successful investment planning* refers to women being satisfied with the income and growth they receive from their investments, as well as being able to achieve their financial goals through investing.

5.3.5 TIME HORIZON

Only three of the seven items (TH1, TH2 and TH3) expected to measure the factor *Time horizon* loaded together. The loadings ranged between -0.753 and 0.828 (see Table 5.12). The item labelled TH3 had a negative loading, and hence the data was coded inertly and relabelled as TH3NEW. It was realised that the new item TH3NEW, due to the effect of reverse wording of this item after being re-coded, will measure the same time horizon or length of investment of less than 10 years like the question of item TH2. Therefore, the relabelled item was not used in further analysis. The items TH5 and TH7 loaded onto the factor *Investment knowledge*, while the items TH4 and TH6 did not load at all on any factor and were subsequently excluded from further analysis.

An Eigenvalue of 2.049, as well as the factor loadings of between 0.753 and 0.828, were found for this factor and are shown in Table 5.12. Sufficient evidence of validity was thus provided. The factor *Time horizon* explained 4.613% of the variance in the data. The Cronbach's alpha coefficient for *Time horizon* was 0.761, showing that the measuring instrument used to measure the factor was reliable.

TABLE 5.12: FACTOR 5 – TIME HORIZON (TH)

Eigenvalue: 2.049 **% of Variance:** 4.613		**Cronbach's alpha:** 0.761		
Item	**Question**	**Factor loading**	**Item-total correl.**	**Cronbach's alpha after deletion**
TH1	I prefer to make investments with the time horizon (length) of less than 5 years.	0.828	0.627	0.639
TH2	I prefer to make investments with the time horizon (length) of less than 10 years.	0.815	0.627	0.642
TH 3 NEW	I prefer to make investments with the time horizon (length) of less than 10 years.	0.753	0.527	0.750

Source: Researcher's own construction

According to Suhr (2006:4), only factors with three or more item loadings that are reliable will be considered for further analysis. Therefore, the factor *Time horizon* was excluded from further analyses.

5.3.6 RISKS AND RETURNS

Out of all six items (RR1, RR2, RR3, RR4, RR5 and RR6) originally developed to measure the factor *Risks* and *Returns*, only two (RR4 and RR2) loaded together on this factor. The items RR1, RR3 and RR5 loaded onto the factor *Investment knowledge*, while the item RR6 did not load at all on any factor and was subsequently excluded from further analysis.

TABLE 5.13: FACTOR 6 – RISKS AND RETURNS (RR)

Eigenvalue: 1.847 **% of Variance:** 4.637		**Cronbach's alpha:** 0.597		
Item	**Question**	**Factor loading**	**Item-total correl.**	**Cronbach's alpha after deletion**
RR4	I am aware that I need to take more investment risks if I want to get higher returns.	0.699	0.430	
RR2	I am aware that risks and returns are positively correlated. In other words, the higher the risk, the higher the return.	0.608	0.430	

Source: Researcher's own construction

An Eigenvalue of 1.847 was reported for the factor *Risks* and *Returns*. From Table 5.13, it can be seen that factor loadings ranged from 0.608 to 0.699 for the statements measuring the factor *Risks* and *Returns*. The factor *Risks* and *Returns* explained 4.637% of the variance in the data. Sufficient evidence of validity was thus provided.

The Cronbach's alpha coefficient for *Risks* and *Returns* was 0.597, suggesting that the measuring instrument used to measure the factor was unreliable.

Similar to the factor *Time horizon*, the factor *Risks* and *Returns* was excluded from further analysis as only two items loaded onto this factor.

5.3.7 ATTITUDES

Only two (ATT5 and ATT8) out of eight items expected to measure the factor *Attitudes* loaded together. The items ATT1, ATT2 and ATT4 loaded onto the factor *Investment knowledge*, while the items ATT6 and ATT7 did not load at all onto any factor and was subsequently excluded from further analysis. The item VAL7 created to measure factor *Values* loaded on the factor *Attitudes*. Therefore, three items (ATT5, ATT8 and VAL7) loaded onto the factor *Attitudes.*

Table 5.14 illustrates an Eigenvalue of 1.649, as well as the factor loadings of between 0.572 and 0.664, for this factor. The factor *Attitudes* explained 5.000% of the variance in the data. Sufficient evidence of validity was thus provided. The Cronbach's alpha coefficient for *Attitudes* was 0.480, suggesting that the measuring instrument used to measure the factor was unreliable, and was therefore excluded from further analysis.

TABLE 5.14: FACTOR 7 – ATTITUDES (ATT)

Eigenvalue: 1.649 **% of Variance:** 5.000		**Cronbach's alpha:** 0.480		
Item	**Question**	**Factor loading**	**Item-total correl.**	**Cronbach's alpha after deletion**
ATT8	It is necessary to start investing as early as possible.	0.664	0.400	0.385
VAL7	Making investments is important.	0.641	0.441	0.224
ATT5	I like making investments.	0.572	0.287	0.701

Source: Researcher's own construction

Even though the loading of the factor *Attitudes* provided a valid result and there were more than two items loaded onto this factor, the Cronbach's alpha coefficient for *Attitudes* showed that the factor was unreliable. Therefore, the factor *Attitudes* was excluded from further analysis.

5.4 RESULTS OF THE DESCRIPTIVE STATISTICS

In order to describe the sample data, descriptive statistics consisting of the mean, standard deviation and frequency distribution for the sample as a whole were calculated. The sample used to calculate these statistics consisted of 207 respondents. A 7-point Likert-type interval scale was used in order to measure the independent variables (*Investment knowledge*, *Personal life cycle* as well as *Values*) and the dependent variable (*Perceived successful investment planning*) of the study. The response options relating to the statements measuring all the independent variables and the dependent variable (see Table 5.15) varied between "strongly disagree" and "strongly agree". These responses were re-categorised as follows:

- 1.00 ≤x< 3.00 were categorised as *disagree*;
- 3.00 ≤x≤ 4.00 were categorised as *neutral*; and
- 4.00 <x≤ 7.00 were categorised as *agree*.

The descriptive statistics results in this study are presented in Table 5.15 and are followed by a discussion of the results.

TABLE 5.15: DESCRIPTIVE STATISTICS RESULTS

Factors	Mean	Standard Deviation	Disagree %	Neutral %	Agree %
Investment knowledge	5.156	1.001	7.729	15.459	76.812
Personal life cycle	6.064	0.650	0.483	1.932	97.585
Values	4.463	1.209	20.290	22.705	57.005
Perceived successful investment planning	5.112	1.027	6.280	19.807	73.913

Source: Researcher's own construction

From Table 5.15 it can be seen that the factor *Personal life cycle* produced the highest mean scores of 6.064. The majority (97.585%) of respondents agreed that the *Personal lifecycle* factor has a strong influence on investment planning. A mean score of 5.156 was reported for the factor *Investment knowledge*. The majority (76.812%) of respondents considered the factor *Investment knowledge* as important to them when planning their investments. The factor *Values* returned a mean score of 4.463. Only half of the respondents (57.005%) agreed that *Values* should be taken into account while

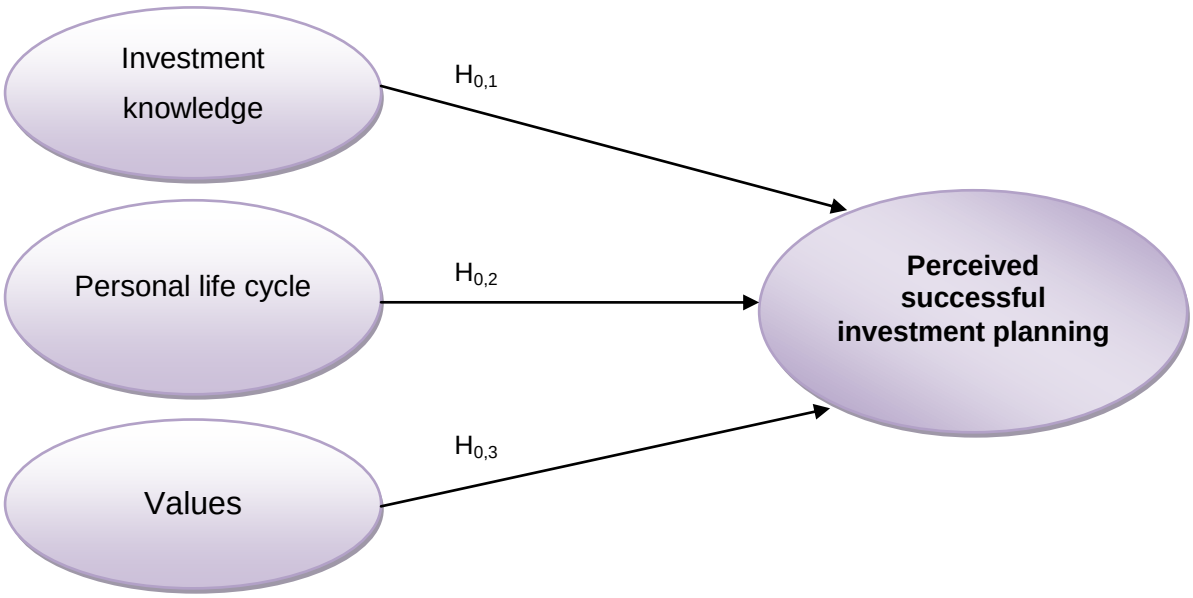
doing investment planning. The remainder were neutral (22.705%) or considered the factor *Values* as not important (20.290%) to them when planning their investments.

The dependent variable *Perceived successful investment planning* produced a mean score of 5.112. The majority (73.913%) of respondents agreed that they considered their investments successful and were satisfied with them. Only 6.280% of the respondents perceived their investments as unsuccessful, with 19.807% being neutral regarding the statements measuring *Perceived successful investment planning.*

5.5 REVISED HYPOTHESISED MODEL AND HYPOTHESES

As a result of the exploratory factor analysis, the operationalisation of the various constructs were reformulated, and the original hypothesised model (see Figure 1.1) as well as hypotheses were revised. The revised hypothesised model is illustrated in Figure 5.2, and the reformulated operational definitions are presented in Table 5.16.

FIGURE 5.2: REVISED HYPOTHESISED MODEL OF FACTORS INFLUENCING WOMEN'S PERCEPTIONS OF PERCEIVED SUCCESSFUL INVESTMENT PLANNING



Source: Researcher's own construction

TABLE 5.16: SUMMARY OF REVISED HYPOTHESES

Factors	Hypotheses
Investment knowledge	$H_{0,1}$: There is no relationship between *Investment knowledge* and *Perceived successful investment planning*. $H_{A,1}$: There is a relationship between *Investment knowledge* and *Perceived successful investment planning*.
Personal life cycle	$H_{0,2}$: There is no relationship between *Personal life cycle* and *Perceived successful investment planning*. $H_{A,2}$: There is a relationship between *Personal life cycle* and *Perceived successful investment planning*.
Values	$H_{0,3}$: There is no relationship between *Values* and *Perceived successful investment planning.* $H_{A,3}$: There is a relationship between *Values* and *Perceived successful investment planning.*

Source: Researcher's own construction

The new hypotheses in Table 5.16 above were further analysed by the Pearson Product Moment Correlation Coefficient, multiple regression analysis, and Analysis of Variance in the sections that follow.

5.6 RESULTS OF THE PEARSON PRODUCT MOMENT CORRELATION COEFFICIENT

The Pearson Product Moment Correlation Coefficients were calculated to allow for the investigation of the correlations between the variables used in this study. The results are presented in Table 5.17. The correlation coefficient may take on any value between plus and minus one. The sign of the correlation coefficient (+, -) defines the direction of the relationship, which is either positive or negative (Burns & Burns 2008: 343).

A strong correlation has a value higher than 0.5, while a weak correlation lies between 0.1 and 0.3. A correlation of between 0.3 and 0.5 is called a medium or moderate association. The interpretation of positive correlation value is applied similarly to negative correlation value. If a correlation value is zero, it indicates the absence of a linear relationship between variables (Burns & Burns 2008: 347; Coldwell & Herbst 2004:108).

TABLE 5.17: PEARSON CORRELATION COEFFICIENTS

Factors	IK	PLC	VAL	PSIP
Investment knowledge	**1.000** p=---	**0.192** **p=0.006**	**0.185** **p=0.008**	**0.541** **p=0.000**
Personal life cycle	**0.192** **p=0.006**	**1.000** p=---	0.104 p=0.135	**0.172** **p=0.013**
Values	**0.185** **p=0.008**	0.104 p=0.135	**1.000** p=---	0.055 p=0.430
Perceived successful investment planning	**0.541** **p=0.000**	**0.172** **p=0.013**	0.055 p=0.430	**1.000** p=---

(p < 0.05)

Source: Researcher's own construction

According to Table 5.17, the Pearson Product Moment Correlation Coefficient indicated positive correlations between most variables in this study.

The highest correlation coefficient (r = 0.541) was reported between *Perceived successful investment planning* and *Investment knowledge*, and was considered a strong positive association. The association between *Values* and *Investment knowledge* (r = 0.185) was considered a weak positive correlation. Furthermore, the *Personal life cycle* reported weak positive correlations with *Investment knowledge* (r = 0.192) and *Perceived successful investment planning* (r = 0.172).

All factors were positively correlated, from weak to strong, with *Perceived successful investment planning* except for *Values* (r = 0.055), which showed little to no association. *Investment knowledge* was the only factor sharing a strong positive association with *Perceived successful investment planning* (r = 0.541).

5.7 RESULTS OF THE MULTIPLE REGRESSION ANALYSIS

Multiple regression analysis is an analysis of association in which the effects of more than two independent variables on a dependent variable are examined concurrently. (Coldwell & Herbst 2004:109; Zikmund *et al*. 2010:655). To determine the influence of the various independent variables (*Investment knowledge*, *Personal life cycle* and *Values*) on *Perceived successful investment planning* (dependent variable), multiple regression analysis was conducted. A regression model was constructed to achieve this purpose, and the results are presented in Table 5.18.

TABLE 5.18: INFLUENCE OF THE INDEPENDENT VARIABLES ON PERCEIVED SUCCESSFUL INVESTMENT PLANNING

Dependent Variable: Perceived successful investment planning			R-Square = 0.300
Independent variables	**Beta**	**t-value**	**Sig.(p)**
Intercept	1.757	2.850	0.005
Investment knowledge	0.550	8.831	0.000**
Personal life cycle	0.117	1.237	0.217
Values	-0.044	-0.860	0.391

(*p < 0.05; **p < 0.001)

Source: Researcher's own construction

According to Table 5.18, the independent variables in this model explain 30% of the variance in the dependent variable *Perceived successful investment planning*. Only one independent variable emerged as having a significant influence on *Perceived successful investment planning* of women, namely *Investment knowledge*. A significant positive linear relationship (beta = 0.550; p < 0.001) was reported between *Investment knowledge* and *Perceived successful investment planning*. In other words, women who are comfortable and confident in making investments, having knowledge of the different types of investment vehicles, knowing the investment risks involved and length of each investment, as well as knowing how/where to obtain help and relevant investment information in making investment decisions, are likely to be satisfied with the income and growth they receive from their investments, as well as being able to achieve their financial goals through investing. Therefore hypothesis $H_{A,1}$ stating that there is relationship between *Investment knowledge* and *Perceived successful investment planning* was accepted, and the null hypothesis ($H_{0,1}$) stating that there is no relationship was rejected.

No significant linear relationships emerged between the remaining independent variables *Personal life cycle* and *Values* and *Perceived successful investment planning*. In other words, the respondents' *Personal life cycle* and *Values* had no significant influence on whether they would be satisfied with the income and growth they received from their investments, as well as being able to achieve their financial goals through investing. Thus, whether women consider these factors as important or not, has no influence on their perceptions of the success of their investments. No support was thus found for the hypothesised relationships between *Personal life cycle* ($H_{A,2}$) and *Values* ($H_{A,3}$) and the dependent variable *Perceived successful investment planning.* In other

words, the hypotheses $H_{A,2}$ and $H_{A,3}$ were rejected while the null hypotheses ($H_{0,2}$) and ($H_{0,3}$) were accepted.

5.8 RESULTS OF THE ANALYSIS OF VARIANCE

The influence of the selected demographic variables on the various investment planning factors, as well as *Perceived successful investment planning* was established by the use of an Analysis of Variance (ANOVA). The following demographic variables, which were included in the ANOVA calculations are:

- *Age*
- *Ethnic group*
- *Marital status*
- *Education*
- *Investment experience.*

The null hypotheses which were formulated are:

H^{0a}: There is no relationship between *Age* and the independent variables as well as the dependent variable *Perceived successful investment planning*.

H^{0b}: There is no relationship between *Ethnic group* and the independent variables as well as the dependent variable *Perceived successful investment planning*.

H^{0c}: There is no relationship between *Marital status* and the independent variables as well as the dependent variable *Perceived successful investment planning*.

H^{0d}: There is no relationship between *Education* and the independent variables as well as the dependent variable *Perceived successful investment planning*.

H^{0e}: There is no relationship between *Investment experience* and the independent variables as well as the dependent variable *Perceived successful investment planning*.

5.8.1 AGE

From Table 5.19 it can be seen that no significant differences were reported between the various *Age* groups of women for *Investment knowledge*, *Personal life cycle* and *Values,* or for *Perceived successful investment planning.*

TABLE 5.19: INFLUENCE OF AGE ON INVESTMENT PLANNING FACTORS AND PERCEIVED SUCCESSFUL INVESTMENT PLANNING

Age		
Independent and Dependent Variables	**F-value**	**Sig.(p)**
Investment knowledge	1.253	0.290
Personal life cycle	0.095	0.984
Values	0.859	0.489
Perceived successful investment planning	2.107	0.081

Source: Researcher's own construction

Therefore, support was found for the null hypothesis stating that there is no relationship between the demographic variable *Age* and all the independent variables, as well as the dependent variable *Perceived successful investment planning.* This finding means that no difference was reported between the different investment planning factors investigated and the different *Age* groups of the respondents.

5.8.2 ETHNIC GROUP

No significant difference was reported between the variable *Ethnic group* for *Investment knowledge*, *Personal life cycle* and *Values,* as well as for *Perceived successful investment planning* (See Table 5.20).

TABLE 5.20: INFLUENCE OF ETHNIC GROUP ON INVESTMENT PLANNING FACTORS AND PERCEIVED SUCCESSFUL INVESTMENT PLANNING

Ethnic Group		
Independent and Dependent Variables	**F-value**	**Sig.(p)**
Investment knowledge	0.353	0.928
Personal life cycle	1.436	0.193
Values	1.186	0.312
Perceived successful investment planning	1.460	0.184

Source: Researcher's own construction

Based on the ANOVA results shown in Table 5.20, support was found for the null hypothesis stating that there is no relationship between the demographic variable *Ethic group* and the investment planning factors, or for *Perceived successful investment planning.* In the other words, belonging to different ethnic backgrounds had no influence

on women's *Investment knowledge*, *Personal life cycle* and *Values*, or women's perception of *Perceived successful investment planning.*

5.8.3 MARITAL STATUS

Table 5.21 indicated that no significant differences were reported between the *Marital status* of women for *Investment knowledge*, *Personal life cycle* and *Values,* or for *Perceived successful investment planning.*

TABLE 5.21: INFLUENCE OF MARITAL STATUS ON INVESTMENT PLANNING FACTORS AND PERCEIVED SUCCESSFUL INVESTMENT PLANNING

Marital Status		
Independent and Dependent Variables	**F-value**	**Sig.(p)**
Investment knowledge	2.033	0.091
Personal life cycle	1.687	0.154
Values	0.351	0.843
Perceived successful investment planning	1.251	0.291

Source: Researcher's own construction

Therefore, support was found for the null hypothesis stating that there is no relationship between the demographic variable *Marital status* and all the independent variables, as well as the dependent variable *Perceived successful investment planning.* This finding implies that regardless of whether the women participating in this study are single, married, divorced or widowed has no influence on the factors *Investment knowledge*, *Personal life cycle* and *Values*. Similarly, no difference was reported for the variable *Marital status* of respondents with regard to *Perceived successful investment planning.*

5.8.4 EDUCATION

From Table 5.22, it can be seen that no significant differences were reported between respondents with an *Education* and those without, for the dependent variables, Investment *knowledge*, *Personal life cycle* and *Values,* as well as the independent variable *Perceived successful investment planning*.

TABLE 5.22: INFLUENCE OF EDUCATION ON INVESTMENT PLANNING FACTORS AND PERCEIVED SUCCESSFUL INVESTMENT PLANNING

Education		
Independent and Dependent Variables	**F-value**	**Sig.(p)**
Investment knowledge	0.236	0.946
Personal life cycle	1.765	0.122
Values	1.197	0.312
Perceived successful investment planning	0.983	0.429

Source: Researcher's own construction

Therefore, support was found for the null hypothesis stating that there is no relationship between the demographic variable *Education* and the investment planning factors investigated in this study, as well as for *Perceived successful investment planning.* In other words, whether the women participating in this study possessed an education or not, had no influence on the investment planning factors investigated. Similarly, whether they had an education or not, had no influence on their perception of *Perceived successful investment planning.*

5.8.5 INVESTMENT EXPERIENCE

No significant difference was reported between the demographic variable *Investment experience* and *Investment knowledge*, *Personal life cycle* and *Values,* as well as for *Perceived successful investment planning* (See Table 5.23).

TABLE 5.23: INFLUENCE OF INVESTMENT EXPERIENCE ON INVESTMENT PLANNING FACTORS AND PERCEIVED SUCCESSFUL INVESTMENT PLANNING

Investment Experience		
Independent and Dependent Variables	**F-value**	**Sig.(p)**
Investment knowledge	1.991	0.117
Personal life cycle	0.610	0.609
Values	0.366	0.777
Perceived successful investment planning	2.334	0.075

Source: Researcher's own construction

Based on the ANOVA results in Table 5.23, support was found for the null hypothesis stating that there is no relationship between the demographic variable *Investment*

experience and all the independent variables, as well as the dependent variable *Perceived successful investment planning.* This finding implies that respondents who had different practical investment experience or not, found no difference between *Investment knowledge*, *Personal life cycle* and *Values*. Similarly, no difference was reported between the level of *Investment experience* by respondents with regard to *Perceived successful investment planning.*

5.9 ADDITIONAL REMARKS MADE BY RESPONDENTS

Section 4 of the questionnaire contained an open-ended question for the purpose of obtaining respondents' opinions regarding investment planning. A summary of Section 4 is presented in Table 5.24 and a discussion thereof follows.

TABLE 5.24: ADDITIONAL REMARKS

Comments and Suggestions from respondents	Frequency	Percentage
Education on investments	38	18%
Knowledge of investments	11	10%
Get advice	25	12%
Simplify investment guides	8	4%
Focus on retirement planning	4	2%
Problems faced when investing	5	3%
Suggestion on how to invest	33	16%

Source: Researcher's own construction

As can be seen from Table 5.24, a group of respondents suggested that there should be more investment education for women (18%). Most of these respondents explained that many women still view investing as a man's duty. Some respondents also stated that women do not know about the reasons for and benefits of investing. A few respondents stated that in some cases, women are not even aware of investments until they are approached by a professional representative. A solution offered by some respondents was to provide investment education for girls at a young age. Respondents also mentioned that more investment workshops/seminars, which are tailored to women's needs, should be made available to women so that they will become more active and confident in engaging in investment planning.

Besides investment education, the respondents maintained that it is necessary to obtain investment advice (12%) while doing investment planning. However there were also negative perceptions about financial/investment advisors. Several respondents stated that it is difficult to trust brokers/advisors because they just want to sell their products to the clients for their own benefit. A small group of respondents suggested that many investment advisors only focus on clients who have large amounts to invest.

Thus in order to obtain proper investment advice, respondents suggested that women should choose an advisor who focuses only on clients' best interests. Financial/investment advisors should focus on establishing an open and honest relationship with clients. It is necessary for women to assess whether the advisors are knowledgeable and up-to-date with the market and products that are being offered. In addition, a few respondents proposed that women should confirm the type of fee charged for advice, and how it is being charged (for example, monthly, annually). One respondent suggested that it is important to receive from advisors monthly verbal and written reports on investments.

Only a few of the respondents (10%) found that obtaining and improving their knowledge about investment was important because women are scared to invest owing to the lack of knowledge. A few respondents stated that women still depend too much on their spouses or partners because women are not aware of their position and strength in the financial world. Respondents also made recommendations on how to improve investment knowledge, which will be discussed in detail in Chapter 6.

Interestingly, a small group of respondents (2%) stated that women should focus on retirement planning through investing. Most of these respondents belonged to the older-than-60 age group, and were deemed to be of retirement age. Hence, these respondents' main concern fell into retirement planning rather than investment planning. They gave the reason that women might outlive their partners or get divorced, in whichever case, women cannot expect to depend financially on their partners after retirement.

Table 5.24 shows that there were several respondents who wished that the investment guides would be simplified (4%). More specifically, respondents wanted investment guides to be presented in simple terms with easily understandable calculations in

tables/charts. One respondent said that doing so would not only encourage women but everyone in general, to start engaging in investment planning. According to another respondent, simple investment guides would provide people who do not have a financial background with an easier and better start with investing.

There were some problems (3%) which limited respondents' financial resources to invest, such as tax, education fees and costs that related to their children/households. Some respondents found a lack of time to keep track of their investments as the main challenge with investing. One respondent offered that there is a so-called paternalistic mindset that women have, and this mindset should be changed in order to help women engage more in investment planning. According to this respondent, a paternalistic mindset in this case refers to the burden of women having to manage their household finance and often having less disposable income compared to men, to commit to any investments. The suggestions from respondents on how to achieve successful investment planning will be discussed in Chapter 6.

5.10 SUMMARY

The empirical results of the present study were presented in Chapter 5. To begin with, the validity and reliability of the measuring instrument was evaluated and reported on in *Perceived successful investment planning*. Three factors were identified as possibly having an influence on *Perceived successful investment planning,* namely: *Investment knowledge*, *Personal life cycle,* and *Values.* Pearson Product Moment Correlation Coefficients were calculated to allow the investigation of the correlations between the variables used in this study. This showed that positive correlations existed between the independent variables and the dependent variable.

Multiple regression analysis was conducted to measure the influence of independent variables on the dependent variable *Perceived successful investment planning*. Based on these results, the only independent variable that emerged as having an influence on the *Perceived successful investment planning* of women was *Investment knowledge.* To conclude, Analysis of Variance was conducted to measure the influence of demographic variables on the *Perceived successful investment planning*. No significant differences was found between the selected demographic variables, namely *Age, Ethnic group,*

Marital status, Education and *Investment experience* and all the independent variables as well as the dependent variable *Perceived successful investment planning.*

In Chapter 6, the final Chapter of this study, a summary of the entire study will be given. Thereafter, the empirical results will be interpreted and recommendations will be made. The contributions and limitations of the study as well as suggestions for future research will also be presented. Concluding remarks will conclude Chapter 6.

CHAPTER 6
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

In the previous Chapter 5 the empirical results of the study were presented and discussed. In this final chapter, an overview of the study will be presented, as well as a summary of the most significant empirical findings. An interpretation will be made of these findings and their implications for women regarding investment planning. The contributions of this study will then be provided. The limitations of the study and suggestions for future research will be put forward. Lastly, the concluding remarks concerning this study will be made.

6.2 OVERVIEW OF THE RESEARCH

Previous research (Falahati & Paim 2011:1767; Goldsmith & Goldsmith 1997:236; Goldsmith & Goldsmith 2006:57; Lown 2008:1; Olsen & Cox 2001:3; Yilmazer & Lyons 2010:121) on gender differences in investment knowledge, financial and investment decision making as well as financial well-being, revealed that most women are seen as financially more vulnerable than men, and only responded to their financial crisis when a life predicament, such as a divorce or financial dilemma (for example planning for retirement) occurs. Savage (2008:30) suggests that the only way women can become more confident and financially independent is by conducting their own financial and investment planning.

Given the lack of research attention focusing on women's perceptions of financial and investment planning in South Africa, and in particular the Eastern Cape, the primary objective of this research was to investigate the factors that influence women's *Perceived successful investment planning* in the Nelson Mandela Bay area. The following secondary objectives were formulated to help achieve this primary objective:

SO^1: To undertake a detailed theoretical investigation into:

- the nature and importance of financial planning, as well as
- the nature and importance of investment planning and factors that influence women's *Perceived successful investment planning*.

SO^2: To generate a hypothesised model suggesting appropriate hypotheses, in order to test the relationships between the independent variables (*Values, Attitudes, Time horizon, Personal life cycle, Risks and Returns*, as well as *Investment knowledge*) and the dependent variable (*Perceived successful investment planning*).

SO^3: To describe the research methodology that will be used in the study, as well as develop a measuring instrument that will empirically test the relationships as described in the hypothesised model.

SO^4: To undertake an empirical investigation to test the proposed hypothesised model and to investigate the possible relationships between the dependent variable, namely the *Perceived successful investment planning* of women, and the various independent variables (or factors influencing the women's *Perceived successful investment planning*) identified during the theoretical investigation.

SO^5: To make conclusions and recommendations based on the results to assist women in making proper investment decisions, and as a result managing and protecting their finances more effectively.

6.2.1 OVERVIEW OF LITERATURE

A comprehensive literature study was conducted and presented in Chapters 2 and 3, thus, achieving the first secondary objective. Chapter 2 introduced the financial planning concept. The importance to women of using financial planning as well as the challenges women face in managing their financial planning, was then presented. The key components of financial planning, namely personal financial management, business financial planning, risk management, tax planning, retirement planning, estate planning, and investment planning, were also discussed to deepen the understanding of the nature of financial planning. In addition, the life cycle of financial planning was identified and discussed in detail. The different ways of practising financial planning such as self-service (doing it without help), teaming up with others or consulting professional assistance, were elaborated on. Lastly, various regulatory bodies in the financial planning industry in South Africa were presented.

The concept of investment planning was first contextualised in Chapter 3. The reasons which prevent women from engaging in investment planning and the importance of investment planning to women were also presented, followed by, the seven steps of the investment planning processes. From the literature review in Chapter 3, factors that could influence the *Perceived successful investment planning* of women were identified. Six independent variables were identified, namely, *Investment knowledge*, *Personal life cycle*, *Values, Time horizon*, *Attitudes,* and *Risks and Returns,* and hypothesised as influencing the dependent variable *Perceived successful investment planning.* The hypothesised model of the study was presented and discussed in detail. The chapter concluded with a discussion of the influences of selected demographic variables on investment planning. As such, the first and secondary secondary objective of this study were accomplished.

Chapter 4 was the research design and methodology chapter. All the factors in the study were clearly defined and operationalised in Chapter 4. Items for the measuring instrument and scales were sourced from several measuring instruments used in similar studies, and several items were self-generated from secondary sources. The relationships illustrated in the hypothesised model were then empirically tested, using these items. The third secondary objective of this study was thus obtained.

6.2.2 OVERVIEW OF EMPIRICAL RESULTS

In Chapter 4, a positivistic research paradigm was adopted in this study in order to test the relationships between the independent variables (*Investment knowledge*, *Personal life cycle*, *Values, Time horizon*, *Attitudes,* as well as *Risks and Returns*) and the dependent variable (*Perceived successful investment planning*). The non-probability convenience and snowball sampling techniques were used to identify respondents for the empirical investigation. The link to the online Internet survey was then sent to those individuals who indicated a willingness to participate. A pilot study was used to assess the content validity of the research instrument before the full study was carried out. In total, 207 usable questionnaires were returned. The data obtained from these questionnaires was subjected to a variety of statistical analyses in Chapter 5 and will be presented in paragraphs to follow.

Descriptive statistics of the respondents were provided. It was found that the majority of the respondents were married White females between the ages 40 to 49 with a postgraduate degree. The results showed that the majority of the respondents had full-time employment and had investment experience of more than 10 years. Moreover, the majority of respondents got the help of a professional to invest in retirement plans. The major problem experienced by the respondents was limited financial resources while doing investment planning. The respondents also indicated that their main source of investment information was investment organisations or professionals. The two most important reasons given for investing were for retirement purposes and to accumulate wealth for the future. Therefore, it was not surprising that the majority of the respondents indicated that they preferred long-term (10 years) investment horizons.

An Exploratory Factor Analysis (EFA) was performed to assess the construct validity of the factors in the hypothesised model, and where necessary, these factors were redefined. Factor loadings of greater than 0.5 were considered significant in this study. Five out of eight items originally developed to measure the dependent variable, *Perceived successful investment planning*, loaded together on one factor. Therefore that factor remained unchanged, and *Perceived successful investment planning* refers to women being satisfied with the income and growth they receive from their investments, as well as being able to achieve their financial goals through investing.

Regarding the independent variables, five out of seven items originally developed to measure the factor *Investment knowledge* loaded onto this factor. In addition, three items (ATT1, ATT2 and ATT4) originally intended to measure the factor *Attitudes*, three items (RR1, RR3 and RR5) developed to measure the factor *Risks and Returns,* and two items (TH5 and TH7) developed to measure the factor *Time horizon,* also loaded onto the factor *Investment knowledge.* Despite the result of the items loaded onto the factor *Investment knowledge,* this factor remained unchanged. In this study, *Investment knowledge* refers to women being comfortable and confident in making investments, having knowledge of the different types of investment vehicles, knowing the investment risks involved and length of each investment, as well as knowing how/where to obtain help and relevant investment information in making investment decisions.

The factor *Personal life cycle* remained unchanged, since five out of six items initially developed to measure it loaded together as expected. For this study, *Personal life cycle*

refers to women being aware that their investment needs, priorities and goals change as they move through different life stages, as well as different age groups; therefore women need to monitor and change their investment planning accordingly.

The factor *Values* also remained unchanged, as six out of seven items initially created to measure it loaded together as expected. In this study, *Values* refers to women's ethical, cultural, personal, religious and family values which guide them when investing.

Two items originally developed to measure the factor *Attitudes* and one item originally developed to measure the factor (VAL7) *Values* loaded together onto the factor *Attitudes*. Three items originally developed to measure the factor *Time horizon* loaded together as expected. However, two of the items measured the same time horizon, and therefore the factor *Time horizon* was disregarded. The items originally intended to measure *Risks and returns* did not all load as expected. As a result, the factors *Time horizon* and *Risks and returns* were eliminated from further statistical analyses. Therefore the factors *Investment knowledge, Personal life cycle* and *Values* were subjected to further statistical analyses.

Cronbach's alpha coefficients were calculated for each of the factors that emerged from the EFA to confirm the reliability of the measuring instrument. All factors reported Cronbach's alpha coefficients greater than 0.70, except for the factor *Attitudes* (0.480). The Cronbach's alpha coefficient for *Perceived successful investment planning* was 0.793, for *Investment knowledge* 0.924, for *Personal life cycle* 0.839 and for *Values* 0.793. This suggests that the measuring scales for three independent variables (*Investment knowledge, Personal life cycle* and *Values*) and dependent variable (*Perceived successful investment planning*) were reliable. Based on the results of the EFA, both the original hypothesised model and the hypotheses were revised.

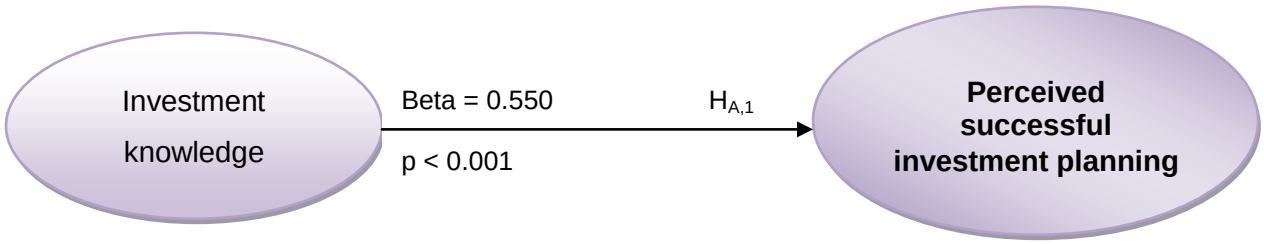
Various descriptive statistics for the variables investigated, including mean, standard deviation and frequency distribution, were calculated to summarise the sample data of the study. The dependent variable *Perceived successful investment planning,* returned a mean score of 5.112, as the majority of respondents agreed that they considered their investments successful and were satisfied with their investments. Mean scores for the independent variables of 4.463 for *Values,* 5.156 for *Investment knowledge* and 6.064 for *Personal life cycle* were returned, with the majority of the respondents agreeing that

the factors *Values*, *Investment knowledge* and *Personal life cycle* have an influence on the women's *Perceived successful investment planning* and need to be taken into account while doing investment planning.

Pearson Product Moment Correlation Coefficients were calculated to establish whether the correlations existed between the various factors investigated in this study. Positive correlations (three weak and one strong) were found between all the variables, except between *Values* and *Personal life cycle* ($r = 0.104$; $p > 0.05$) and between *Values* and *Perceived successful investment planning* ($r = 0.055$; $p > 0.05$).

The primary statistical procedure used to test the significance of the proposed relationships hypothesised between the independent and dependent variables in this study, was multiple regression analysis. A summary of the significant relationships that were identified in this study is presented in Figure 6.1.

FIGURE 6.1: SUMMARY OF SIGNIFICANT RELATIONSHIPS BETWEEN THE INVESTMENT FACTORS INFLUENCING WOMEN'S PERCEIVED SUCCESSFUL INVESTMENT PLANNING



Source: Researcher's own construction

Based on the multiple regression results, the decisions regarding the acceptance of the formulated hypotheses are presented in Table 6.1.

TABLE 6.1: ACCEPTANCE OF THE HYPOTHESES

Factors	Hypotheses	Accepted/Rejected
Investment knowledge	$H_{0,1}$: There is no relationship between *Investment knowledge* and *Perceived successful investment planning*. $H_{A,1}$: There is a relationship between *Investment knowledge* and *Perceived successful investment planning*.	In this study, as a result from statistical analyses, $H_{0,1}$ of the factor *Investment knowledge* is **rejected**
Personal life cycle	$H_{0,2}$: There is no relationship between *Personal life cycle* and *Perceived successful investment planning*. $H_{A,2}$: There is a relationship between *Personal life cycle* and *Perceived successful investment planning*.	In this study, as a result from statistical analyses, $H_{0,2}$ of the factor *Personal life cycle* is **accepted**
Values	$H_{0,3}$: There is no relationship between *Values* and *Perceived successful investment planning.* $H_{A,3}$: There is a relationship between *Values* and *Perceived successful investment planning.*	In this study, as a result from statistical analyses, $H_{0,3}$ of the factor *Values* is **accepted**

Source: Researcher's own construction

In order to determine whether relationships existed between selected demographic variables and the various factors under investigation, an Analysis of Variance (ANOVA) was undertaken. No significant differences were found between the selected demographic variables, namely *Age, Ethnic group, Marital status, Education* and *Investment experience* and the independent variables (*Investment knowledge, Personal life cycle* and *Values*) or dependent variable *Perceived successful investment planning.* Therefore, the fourth secondary objective of the study was achieved.

6.2.3 STUDY OBJECTIVES ACHIEVED

The completion of the study has confirmed the attainment of all the primary and secondary objectives. Table 6.2 indicates in which chapters and/or sections each of the objectives was attained.

TABLE 6.2: STUDY OBJECTIVES ACHIEVED IN THE RELEVANT CHAPTERS

Objectives	Where objectives was covered
Secondary objective 1: To undertake a detailed theoretical investigation into: • The nature and importance of financial planning, as well as • The nature and importance of investment planning and factors that influences women's *Perceived successful investment planning*.	Chapter 2 Chapter 3
Secondary objective 2: To generate a hypothesised model suggesting appropriate hypotheses, in order to test the relationships between the independent variables (*Investment knowledge*, *Personal life cycle*, *Values, Time horizon*, *Attitudes,* as well as *Risks and Returns*) and the dependent variable (*Perceived successful investment planning*).	Chapter 3
Secondary objective 3: To describe the research methodology that will be used in the study and develop a measuring instrument that will empirically test the relationships as described in the hypothesised model.	Chapter 4
Secondary objective 4: To undertake an empirical investigation to test the proposed hypothesised model and to investigate the possible relationships between the dependent variable, namely the *Perceived successful investment planning* of women*,* and the various independent variables (or factors influencing the women's *Perceived successful investment planning*) identified during the theoretical investigation.	Chapter 5
Secondary objective 5: To provide a summary of the study, as well as make pertinent conclusions and recommendations based on the findings to assist women in making proper investment decisions, and as a result managing and protecting their finances more effectively.	Chapter 6

Source: Researcher's own construction

As presented in Table 6.2 above, all the secondary objectives of this study were obtained, hence the primary objective of the study was also reached.

6.3 INTERPRETATIONS OF THE EMPIRICAL RESULTS AND RECOMMENDATIONS

In Chapter 5, only one factor (*Investment knowledge*) was reported as having a significant influence on the *Perceived successful investment planning* of women. This relationship has been summarised in Figure 6.1. In the section to follow, the significant relationship identified will firstly be interpreted, and recommendations for women will be made that will assist them in their investment planning. Moreover, the factors *Personal life cycle* and *Values* which showed an influence on the *Perceived successful investment planning* of women in the literature, will also be presented. Lastly, the

ANOVA results and several recommendations from respondents will be presented. The fifth secondary objective of this study will therefore be attained.

6.3.1 INVESTMENT KNOWLEDGE

The findings of the study revealed the existence of a significant positive relationship between *Investment knowledge* and *Perceived successful investment planning*. In other words, women who are comfortable and confident with making investments, having knowledge of the different types of investment vehicles, knowing the investment risks involved and length of each investment, as well as knowing how/where to obtain help and relevant investment information in making investment decisions, are likely to be satisfied with the income and growth they receive from their investments, as well as being able to achieve their financial goals through investing.

Previous researchers (Goldsmith & Goldsmith 1997:236; Olsen & Cox 2001:30; Goldsmith & Goldsmith 2006:57; Watson & McNaughton 2007:54) found that the factor *Investment knowledge* has a significant influence on *Perceived successful investment planning.* These researches all emphasised that the only way for women to achieve some form of success in doing investment planning was for them to gain basic investment knowledge.

Of all the factors examined in this study, *Investment knowledge* was perceived as having the greatest influence on the success of women engaging in investment planning. It is important for women to obtain basic knowledge relating to investments so that they can make proper and informed investment decisions which reduce unnecessary risks and losses while maximising their returns and achieving their desired financial/investment goals.

In order to obtain and develop knowledge about investments, women should do the following:

- Become more knowledgeable about topics related to investments to reduce the fear and the lack of confidence when making investment choices.

- Attend investment workshops, seminars or conferences in order to gain practical investment knowledge as well as tips and strategies in making good investment decisions, from experts in the field.
- Read investment books and magazines which provide useful information about investments to help women get started in investment planning and to increase their confidence in making investment decisions.
- Attend short courses on investment to gain basic knowledge in planning and managing their own investments more effectively.
- Consult with financial/investment advisors in order to obtain assistance and guidance on how to make proper investment decisions and monitor their investment more effectively.
- Participate in investment clubs or groups to share investment experience/knowledge as well as gain valuable investment knowledge from other investors who are also actively involved in managing their investments.
- Equip themselves with knowledge about each investment vehicle to weigh the difference of growth rates and possible risks between the investment vehicles, in order to reduce possible losses and to maximise returns.
- Be aware of the possible fees related to investment vehicles, to alleviate or avoid unnecessary costs.
- Learn and practise diversification while investing in order to reduce risk by investing in various financial instruments, industries and other categories. Diversification aims to maximise returns by investing in different asset classes, which will react differently to the same event in the macro environment.
- Be aware of tax implications of investment vehicles to minimise unnecessary costs.
- Request the assistance and services of a financial/investment advisor.
- It is also important for women to retain the services of a financial/investment advisor if they are not confident or have limited time to take care of their investment planning. However, they should still be aware of the performance and management of their investments, by requesting regular up-to-date reports on the performance of each investment. Reasons pertaining to how/why an investment decision is made should also be shared with the investor. By so doing, women gain investment knowledge without the stress of being actively involved in managing their investments.

There were also several recommendations from respondents themselves in this study on how women can gain investment knowledge, as follows:

- There should be more information on investments provided for women, because they felt that there is either not enough investment information for women or this information is not available to women. Respondents stated that “if more women have access to information they will be able to enter into investments, even with limited resources.”
- Before investing, women should conduct research on the financial market, investment trends, and available investment vehicles on the market, besides attending workshops or seminars, because knowledge is power when making investments.
- Women should know more about different types of investment to be able to choose their own investments which cater for different needs.
- Women should also gain a better understanding of the risks and external forces that affect investments.
- By obtaining more knowledge about investment, women then can make better and more informed investment decisions without the influence of their emotions, which can be irrational.
- When receiving investment information, women do not want to feel pressurised and obliged to invest with a particular advisor or a particular investment vehicle.

6.3.2 PERSONAL LIFE CYCLE

The results of the multiple regression analysis did not show a significant relationship between the independent factor *Personal life cycle* and the dependent factor *Perceived successful investment planning* in this study. Previous researchers Hira and Loibl (2006:10), Malhotra and Crum (2010:43) and Uglanova and Staudinger (2013:265) have suggested that there is a significant influence of the factor *Personal life cycle* on *Perceived successful investment planning.* A common conclusion from all these researchers was that it is important for women to practise, monitor and alter investment planning throughout different stages of their life cycle, to achieve and maximise their success in investment planning.

A possible explanation why the hypothesis stating that there is a relationship between *Personal life cycle* and *Perceived successful investment planning* was rejected in this study could be that this study focused on women only, while most of the previous research was conducted on both men and women. In addition, the previous researches were not conducted in South Africa but in England, Germany and America. Therefore, even though the influence of the factor *Personal life cycle* on *Perceived successful investment planning* was not applicable in this study, it should still be taken into account when engaging in investment planning as suggested by previous research.

6.3.3 VALUES

The results of the multiple regression analysis did not show a significant relationship between the independent factor *Values* on the dependent factor *Perceived successful investment planning* in this study. These results are in contrast with previous research by Journey (2010:14), Mills (2009:8) and Price (2009:4) which suggested that there is a significant influence of the factor *Values* on *Perceived successful investment planning.* A common conclusion from all the research was that when it comes to investment planning, women's values are used as guidelines on which their investment goals are based. Value-based goals help women not only to gain happiness in life by being able to live according to their values, but also to achieve success in their investment planning.

As for the explanation why the hypothesis stating that there is a relationship between *Values* and *Perceived successful investment planning* was rejected in this study could be that the present study focused on women only, while most of the previous research was conducted on both men and women. Moreover, these previous researches were conducted in America not South Africa. Therefore, even though the influence of the factor Values on Perceived successful investment planning was not applicable in this study, it should still be taken into account when doing investment planning as suggested by previous research.

6.3.4 DEMOGRAPHIC VARIABLES

The findings of this study showed that all the selected demographic variables, namely *Age, Ethnic group, Marital status, Education* and *Investment experience,* have no

influence on any of the investment planning factors investigated in this study, as well as for *Perceived successful investment planning*. In other words, neither the age, ethnic background of the respondent, the marital status, educational level, nor the practical investment experience of the respondents, had any influence on *Investment knowledge*, *Personal life cycle*, *Values* and *Perceived successful investment planning*.

There are several reasons explaining the results of the ANOVA. First, regarding the *Age* variable, previous research by Scheresberg *et al.* (2014:17) and Prudential (2013:10) found that the age of women does have an influence on making financial and investment decisions. According to these researchers, women under the age of 35 are the ones who are most aware that they need to be in charge of prioritising their financial goals, obtaining investment knowledge to make informed investment decisions, and share the financial/investment decision equally with their partners/spouses. However, in the present study, the respondents' profile revealed that almost two thirds (63%) of the respondents were older than 40. Therefore, the respondents' age profile may be the reason why the ANOVA results indicated no influence of *Age* on all the investment planning factors investigated in this study, as well as on *Perceived successful investment planning*.

In the case of the *Ethnic group* variable, previous research from Prudential (2013:10) and Scheresberg *et al.* (2014:11) showed that women's financial as well as investment priorities and goals vary between different ethnic groups. The distributions of ethnic groups in the previous research were fairly distributed. In the current study, the respondents' profile revealed that 71% of respondents were White, which highlighted a serious imbalance among all ethnic groups for this study. This could be the reason why the ANOVA results indicated no influence of *Ethnic group* on all the investment planning factors investigated in this study, as well as on *Perceived successful investment planning*.

Regarding the *Marital status* variable, previous research by Scheresberg *et al.* (2014:11) and Theodos *et al*. (2014:6) suggested that marital status has an influence on women's level of financial and investment literacy. According to these researchers, married women tend to have higher financial and investment literacy levels than those who are single, separated, widowed, or divorced. However, both of these studies were done in America, and one of them was conducted on both males and females. This

could be the reason why the ANOVA results indicated no influence of *Marital status* on all the investment planning factors investigated in this study, as well as on *Perceived successful investment planning*. This further implies that even though the majority of the respondents (64%) in this study were married, their marital status had no influence on their level of financial and investment literacy, which is totally different to previous research conducted by Scheresberg *et al.* (2014:11) and Theodos *et al*. (2014:6).

In the case of the *Education* variable, previous research by Rooij *et al*. (2009:4) and Scheresberg *et al.* (2014:11) found a positive influence of women's education on financial and investment knowledge. According to these researchers, women with a college degree were more than twice as likely as women with lower educational achievement to have a basic or high level of investment and financial literacy. However, both studies were conducted in America and the Netherlands, and one was conducted on both males and females. Therefore, this could be the reason why the ANOVA results indicated no influence of *Education* on all the investment planning factors investigated in this study, as well as on *Perceived successful investment planning*. This further implies that even though more than two thirds of the respondents (84%) in this study had diploma degrees, bachelor degrees and post-graduate degrees, their education level had no influence on their financial and investment knowledge, which is in contrast to previous research conducted by Rooij *et al*. (2009:4) and Scheresberg *et al.* (2014:11).

Regarding the *Investment experience* variable, previous research by Russell Investments (2014:4) and Barber and Odean (2001:269) suggested that women's investment experience has positive influence on making investment decisions. According to these researchers, women who have some form of investment experience (<1 year) often become more involved in investment planning and find themselves as equal financial/investment decision makers to men. However, both of these studies were done in America and one of them was conducted on both males and females. This could be the reason why the ANOVA results indicated no influence of *Investment experience* on all the investment planning factors investigated in the current study, as well as on *Perceived successful investment planning*. This further implies that even though only 7% of the respondents had less than one year's investment experience, their experience had no influence on how they made investment decisions.

6.3.5 GENERAL RECOMMENDATIONS FROM RESPONDENTS

In an open-ended question, respondents could make recommendations on how they thought investment planning could be improved. The majority of the respondents agreed that it is very important to save and invest early. One respondent stated that to start investing early before marriage, helps women learn how to become financially independent of their spouses. Some respondents indicated that the earlier women start investing and take out life insurance, disability and dread disease cover, the cheaper the cost of these investment vehicles will be. One respondent suggested that besides investing early, women also need to educate their children about the benefits of saving and investing at a young age.

The respondents also suggested that investment companies should provide easier access to reliable investment options that suit individual needs. One respondent suggested that investment options should be made easier to be withdrawn, with fewer penalties imposed, while other respondents recommended that investors should not be given a choice to terminate their investment plans. Several respondents suggested that investment companies should provide financial packages which are structured in line with women's interests and needs. According to the respondents, investment companies should also provide women with free financial advice, because they might be reluctant to spend money on obtaining these advices because of other financial priorities. However, the researcher cautions about putting this recommendation forward, as it can be viewed as discrimination against males.

6.4 CONTRIBUTION OF THE STUDY

This study focused on women because the role of women in financial and investment planning has changed over the past few years. The percentage of women entering the work place and contributing to their families' finances have increased, which indicates that they will be more involved in making financial and investment decisions for themselves. Also, most past research mainly focused on the investment planning habits of men, which necessitates more studies focusing on the investment planning habits of women. Thus, the focus of this study was mainly on why and how women make investment decisions.

Most previous research focused on different components of financial planning such as retirement planning or risk management other than investment planning. Therefore, only limited research has addressed women's perceptions of investment planning. Moreover, it is assumed that most women often lack knowledge on investment planning compare to men. By investigating the influence of women's *Perceived successful investment planning,* this study has added to the body of knowledge of investment planning. Based on the empirical results of this study, several recommendations have been made in an attempt to increase women's levels of *Perceived successful investment planning*. In addition, suggestions were made to assist women to make better investment decisions and manage their investment planning more effectively.

There is a dearth of research on financial and investment planning in South Africa and especially is the Eastern Cape. Therefore, this study has added valuable information to the body of knowledge of both financial and investment planning in the Eastern Cape region as well as South Africa as a whole. The suggestions for future research based on the main findings of this study will provide further research attention on financial and investment planning in the Eastern Cape as well as other regions in South Africa.

This research was conducted on a relatively large sample scale which focuses on all women (female investors) in the Nelson Mandela Bay area.

6.5 LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

Although the present study has attempted to make a significant contribution to financial and investment planning literature, several limitations were encountered. When interpretations and conclusions about the findings of this study are made, these limitations should be taken into account.

First of all, there is the small sample size of the present study. The non-probability convenience sampling techniques were used that resulted in only 207 women respondents at Nelson Mandela Bay area in the Eastern Cape, South Africa. Based on the small sample size of the total participated respondents, the sample did not represent the population as a whole. In other words, the results of the study could not be generalised to all women in South Africa with absolute confidence. In order to make the

research become more valuable, future research concerning women's perceptions on investments should extend to other areas of the Eastern Cape or to the other regions of South Africa.

Another limitation of this study is that several of the factors identified as influencing *Perceived successful investment planning* in the literature did not load together as expected when undertaking the exploratory factor analysis, and had to be eliminated from further statistical analyses. In future studies, the scales developed to measure the various factors identified in the literature as influencing *Perceived successful investment planning* should be reconsidered and redeveloped to ensure that the influence of those factors can be assessed.

Thirdly, this study focuses only on six variables that influence women's *Perceived successful investment planning*, namely *Investment knowledge*, *Personal life cycle*, *Values, Time horizon*, *Attitudes,* as well as *Risks and Returns*. However, the literature suggests that it is also necessary to consider women's involvement in the seven steps of the investment planning process, which could influence the possible level of success in investment planning. Therefore, the influence of the investment planning process on the success of investment planning should also be investigated in future studies. Furthermore, investment planning is not the only major financial area that is covered in financial planning. It would be interesting for future research to be conducted on women's engagement and perceptions on the remaining components of financial planning, namely, personal financial management, business financial planning, risk management, tax planning, retirement planning, and estate planning.

Furthermore, the majority of respondents were White (71%) and only small groups of Black (11%), Coloured (11%), Asian (3%) and Indian (3%) women participated in the study. These results showed that the demographic characteristics of the respondents in this study were homogeneous in nature. Future studies should make use of a stratified or a quota sampling method in order to avoid the problem of over-representation in one particular ethic group.

Despite the limitations mentioned, the research still provides a significant contribution to the existing literature of research on financial and investment planning. As such, many opportunities for future investigation into financial and investment planning exist.

6.6 CONCLUDING REMARKS

Investment planning is an important solution to help women solve problems related to investments, as well as becoming more confident and financially independent through investing. This study is a first step in gaining and deeper insights into the factors influencing women's perceptions on successful investment planning. It is hoped that the findings of this study, together with those of future research, will provide women with practical solutions on how to make proper investment decisions, and manage their investment planning more effectively, as well as having a better chance of achieving their investment goals.

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ANNEXURE A:

SAMPLE QUESTIONNAIRE

Unit for Applied Business Management
Summerstrand South Campus
DEPARTMENT OF BUSINESS MANAGEMENT
Tel. +27 (0)41 5042203/04 Fax. +27 (0)41 5832644

February 2014

Dear Respondent,

RESEARCH PROJECT: WOMEN'S PERCEPTIONS REGARDING FINANCIAL PLANNING, WITH SPECIFIC REFERENCE TO INVESTMENT

Please find enclosed the questionnaire to be completed. Thank you for your willingness to participate in this research project.

This research on women's perceptions regarding financial planning with specific reference to investment is currently (2013) being conducted by the Unit for Applied Business Management (UABM). The UABM is a research unit functioning under the supervision of the Department of Business Management at the Nelson Mandela Metropolitan University (NMMU) in Port Elizabeth.

Evidence from previous research has shown show that **limited research** has been conducted in South Africa on women's perceptions about financial and investment planning as well as related issues. The purpose of this study is therefore to gain a better understanding of the factors which have an influence on women when they make investment decisions, and to make recommendations that could assist women to successfully manage their investments and finances.

Please complete the attached questions as they apply to yourself. The first set of questions contains a number of statements relating to six factors which influence investment planning. Please indicate **the extent of your agreement** with these statements by placing a cross (X) in the appropriate column. There is no right or wrong answers, and only the **perceptions** you hold are important. The next set of questions asks for basic demographic information concerning yourself as well as your general engagement in investment activities. The ethics approval number of this research is H13 BES BMA 029.

The questionnaire should take about **15** minutes to complete.

Please complete this questionnaire as **soon as possible**, but no later than **31 March 2014**.

Even though no confidential information is required, your responses will be treated with the **strictest confidentiality**. You are also assured that all information given by you will be **kept anonymous**. Your participation is voluntary and you can **opt out** from completing this questionnaire any time. The ethics approval number of this research is H13 BES BMA 029.

Thank you again for your willingness to contribute to the success of this important research project.

Yours sincerely.

ANH THU DAO (RESEARCHER)

PROF. ELMARIE VENTER (SUPERVISOR) **DR JANINE KRüGER (CO-SUPERVISOR)**

1. Statements relating to values, attitudes, time horizon, personal life cycle, investment knowledge, risks and returns

Please indicate the extent of your agreement with these statements by placing a cross (X) in the appropriate column. The columns are graded from 1 to 7. One (1) denotes strong disagreement with a statement, and at the other end of the scale, seven (7) denotes strong agreement with the statement.

Statements relating to your perceptions on factors which influence investment planning		Extent of agreement						
		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
1.1	I am in control of my financial matters because I am investing.	1	2	3	4	5	6	7
1.2	I consider the ease with which I can convert my investments into cash when choosing the time horizon (length) of my investments.	1	2	3	4	5	6	7
1.3	My religious values often guide me when investing.	1	2	3	4	5	6	7
1.4	I am aware that I need to take more investment risks if I want to get higher returns.	1	2	3	4	5	6	7
1.5	I like making investments.	1	2	3	4	5	6	7
1.6	My investment decisions are based on past investment experiences.	1	2	3	4	5	6	7
1.7	I am able to achieve my financial goals by investing.	1	2	3	4	5	6	7
1.8	Investment goals will change according to my life stages (i.e. single, married or divorced).	1	2	3	4	5	6	7
1.9	I consider the returns when choosing the time horizon (length) of my investments.	1	2	3	4	5	6	7
1.10	The returns/income from my investments gives me financial independence.	1	2	3	4	5	6	7
1.11	I gather information regarding investment vehicles/opportunities.	1	2	3	4	5	6	7
1.12	It is necessary to start investing as early as possible.	1	2	3	4	5	6	7
1.13	Making investments is important.	1	2	3	4	5	6	7
1.14	I prefer to make investments with the time horizon (length) of less than 5 years.	1	2	3	4	5	6	7
1.15	I find it easy to make investment decisions.	1	2	3	4	5	6	7
1.16	I have knowledge about different investment opportunities.	1	2	3	4	5	6	7
1.17	My cultural values often guide me when investing.	1	2	3	4	5	6	7
1.18	I prefer to make investments with the time horizon (length) of more than 10 years.	1	2	3	4	5	6	7
1.19	I am able to plan for my future financial needs through engaging in investment planning.	1	2	3	4	5	6	7
1.20	I am aware that risks and returns are positively correlated. In other words, the higher the risk, the higher the return.	1	2	3	4	5	6	7
1.21	Different age groups have different investment goals.	1	2	3	4	5	6	7
1.22	I know who will be able to assist me in making investment decisions.	1	2	3	4	5	6	7

Statements relating to your perceptions on factors which Influence investment planning		Extent of agreement						
		Strongly disagree	Disagree	Somewhat disagree	Neutral or no opinion	Somewhat agree	Agree	Strongly agree
1.23	I am satisfied with the income I receive from my investments.	1	2	3	4	5	6	7
1.24	Women make better investment decisions than men.	1	2	3	4	5	6	7
1.25	I need to monitor and change my investment planning at different stages of my life (i.e. single, married or divorced).	1	2	3	4	5	6	7
1.26	My family values often guide me when investing.	1	2	3	4	5	6	7
1.27	I consider the time horizon (length) of investment vehicles when investing.	1	2	3	4	5	6	7
1.28	I am aware of my investment risks (risks related to each of my investment vehicles).	1	2	3	4	5	6	7
1.29	My investment priorities change as I move through the different stages of my life.	1	2	3	4	5	6	7
1.30	I have knowledge about the time horizon (length) of different investment vehicles.	1	2	3	4	5	6	7
1.31	My ethical values often guide me when investing.	1	2	3	4	5	6	7
1.32	I can gain financial wealth through investing.	1	2	3	4	5	6	7
1.33	I prefer to make investments with the time horizon (length) of less than 10 years.	1	2	3	4	5	6	7
1.34	I have made more profits than losses since I started investing.	1	2	3	4	5	6	7
1.35	I am aware of the different type of investment risks (i.e market risk, business risk, interest rate risk, inflation risk and liquidity risk).	1	2	3	4	5	6	7
1.36	I am confident making investment decisions.	1	2	3	4	5	6	7
1.37	I consider my investment goals when choosing the time horizon (length) of my investments.	1	2	3	4	5	6	7
1.38	I consider the investment risks when choosing the time horizon (length) of my investments.	1	2	3	4	5	6	7
1.39	My investment decisions are based on investment knowledge.	1	2	3	4	5	6	7
1.40	I only make investments that are aligned with my personal values.	1	2	3	4	5	6	7
1.41	My investments need change as I move through the different stages of my life.	1	2	3	4	5	6	7
1.42	I am satisfied with the growth of my investments.	1	2	3	4	5	6	7
1.43	I like to take risks when investing.	1	2	3	4	5	6	7
1.44	I know the cost implications (i.e. tax or fee payable) of different investment vehicles/opportunities.	1	2	3	4	5	6	7
1.45	Investment goals will change as a person grows older.	1	2	3	4	5	6	7
1.46	The growth of my investments exceeds inflation (the general increase in the price of the goods).	1	2	3	4	5	6	7
1.47	I know the time horizon (length) of each of my investments.	1	2	3	4	5	6	7
1.48	I am comfortable making investment decisions.	1	2	3	4	5	6	7
1.49	My personal values often guide me when investing.	1	2	3	4	5	6	7

2. Demographic Information

Please indicate your response by making a cross (X) in the appropriate numbered block for the following questions, as explained.

2.1 Please indicate your **current age**:

< 20 years	1
20-29 years	2
30-39 years	3
40-50 years	4
50-59 years	5
> 60 years	6

2.2 Please indicate your **ethnic background**:

White	1
Black	2
Asian	3
Coloured	4
Indian	5
Other (Please specify)	6

2.3 Please indicate your **current marital status**:

Single	1
Partnership	2
Married	3
Separated	4
Divorced	5
Widowed	6

2.4 Please indicate your **highest qualification obtained**:

Grade 12	1
Diploma	2
Bachelor Degree	3
Postgraduate Degree	4
Other (Please specify)	5

2.5 Please indicate your **current employment situation**:

Full-time	1
Part-time	2
Retired	3
Homemaker	4
Unemployed	5
Student	6
Other (Please specify)	7

2.6 Please indicate your **investment experience**:

No experience	1
< 1 year	2
1-5 years	3
6-10 years	4
> 10 years	5

2.7 Please indicate your **involvement** in **investment planning**:

I make investment decisions by myself.	1
I make investment decisions through an investment club.	2
I make investment decisions with the help of a professional.	3
I make investment decisions with the help of my partner/friends/family.	4

2.8 Please indicate the **type of investment instruments** that you **are holding (you may indicate more than one option):**

Money market instruments	1
Bonds	2
Property	3
Shares	4
Collective investment schemes	5
Derivatives (i.e. futures, options)	6
Retirement plan (i.e. living annuity, retirement annuity)	7
Other (Please specify)	8

3. <u>Engagement in investment planning</u>

Please indicate your response by making a cross (X) in the appropriate numbered block for the following questions, as explained.

3.1 Please indicate the problems that you **face** in **doing investment planning (you may indicate more than one option):**

Limited financial resources	1
Little investment knowledge	2
Finding answers/getting information and help	3
Lack of time to invest	4
Fear of making investment decisions	5
Volatility of financial market and economic cycles	6
Procrastination	7
Tax	8
Other (Please specify)	9

3.2 Please indicate from which **media sources** you **obtain information** on your current investment **(you may indicate more than one option):**

Television	1
Internet website	2
Financial news/magazines	3

Seminars, conferences & workshops	4
From partner/friends/family	5
From investment organisations/professionals	6
Other (Please specify)	7

3.3 Please indicate your **reasons for investing (you may indicate more than one option):**

Accumulating wealth for the future.	1
Donations to charity.	2
Children/grandchildren's education.	3
Controlling expenses or debt.	4
Emergency cash reserves.	5
Major expenditures (i.e. for buying cars, houses or travelling expenses).	6
Preserving wealth for offspring/children.	7
Provide financial protection for my family in the event of my death.	8
Provide income protection to myself in case I become ill or disabled or experience health problem.	9
Investment for retirement (maintain/create desired lifestyle at retirement).	10
Other (Please specify)	11

3.4 Please indicate your **investment horizon (length of your current investments):**

1-5 years	1
6-10 years	2
> 10 years	3

4. <u>Comments and/or suggestions</u>

4.1 Please make **any comments or suggestions** you may have relating to investment planning. Indicate what you think can be done to reduce problems and increase success in making investments, for women in particular.

_____

_____

_____

_____

- If you are **interested in the survey results**, please indicate your e-mail address below:

_____

THANK YOU FOR YOUR TIME AND COOPERATION !

ANNEXURE B:

RESPONDENTS' BACKGROUND AND INVOLVEMENT IN INVESTMENT PLANNING

FIGURE B1: AGE

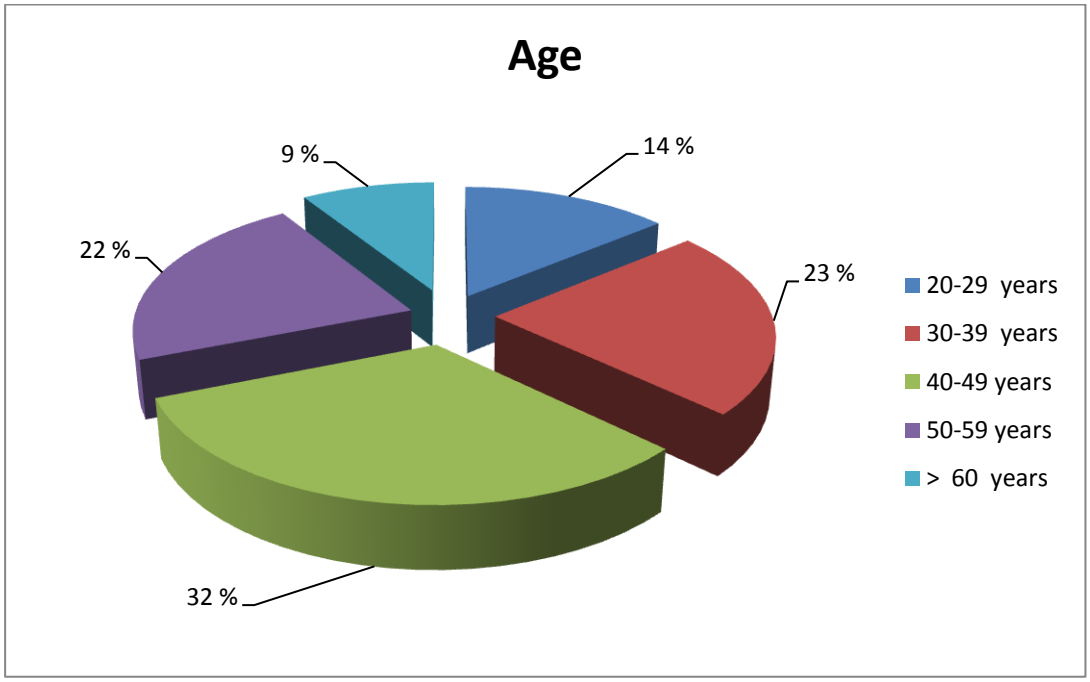


FIGURE B2: ETHNIC BACKGROUND

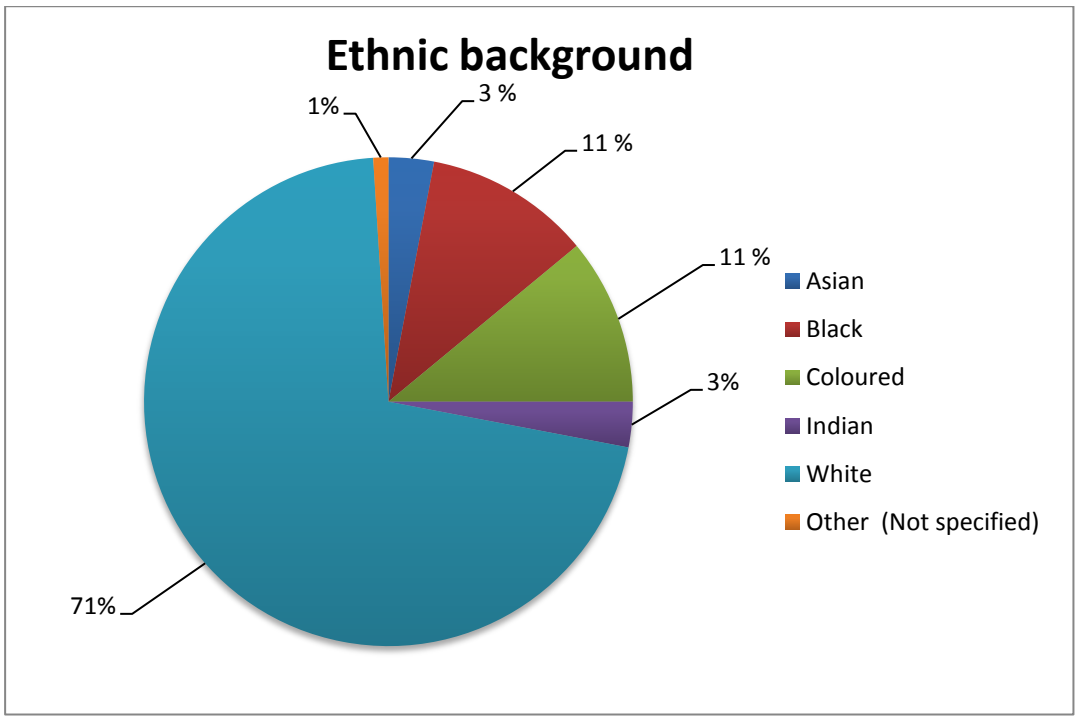


FIGURE B3: MARITAL STATUS

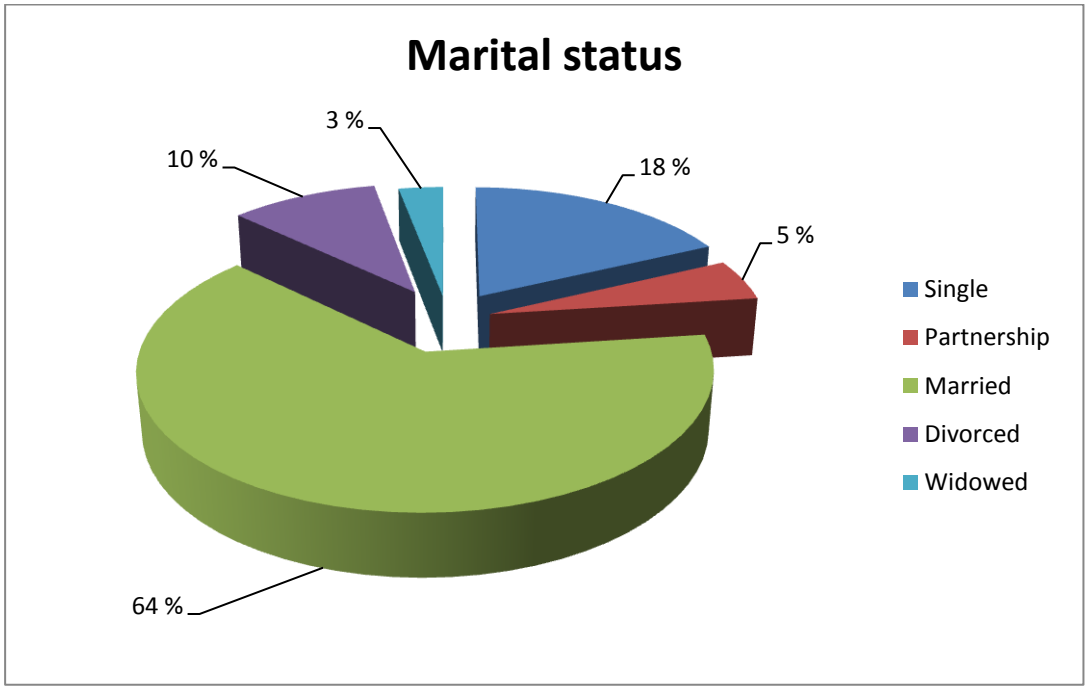


FIGURE B4: HIGHEST QUALIFICATION OBTAINED

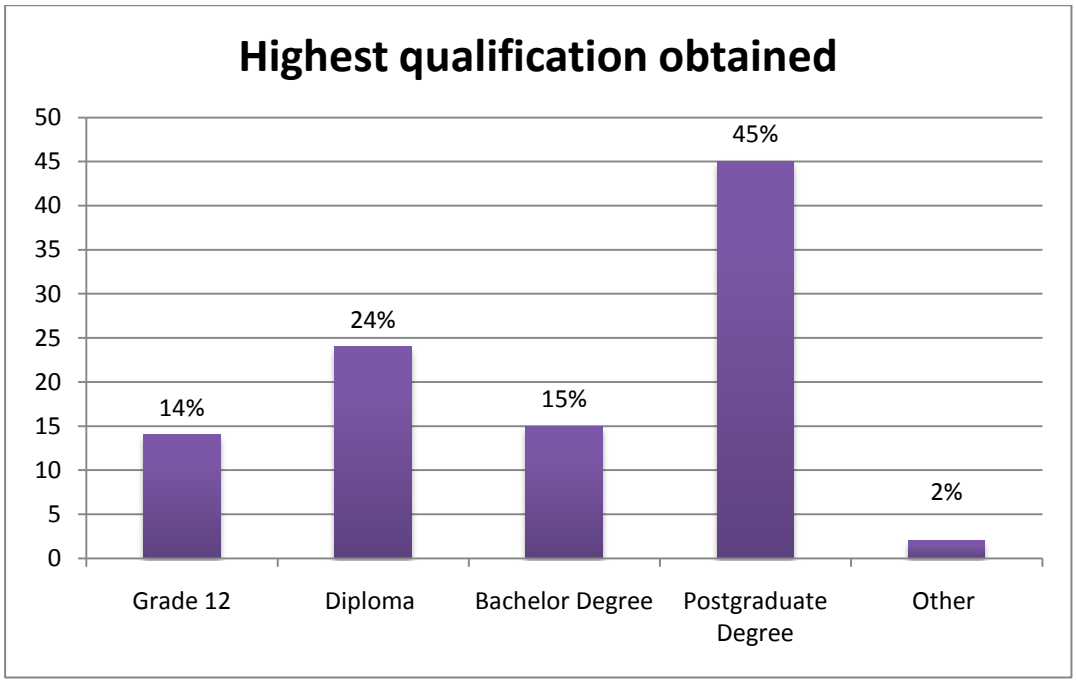


FIGURE B5: EMPLOYMENT SITUATION

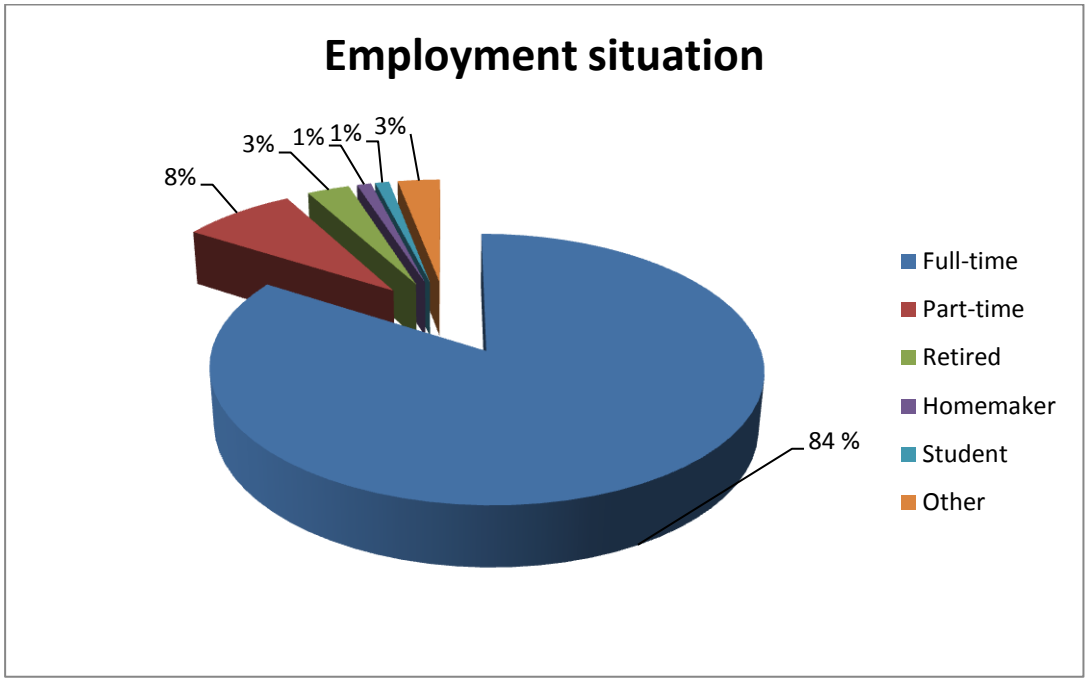


FIGURE B6: INVESTMENT EXPERIENCE

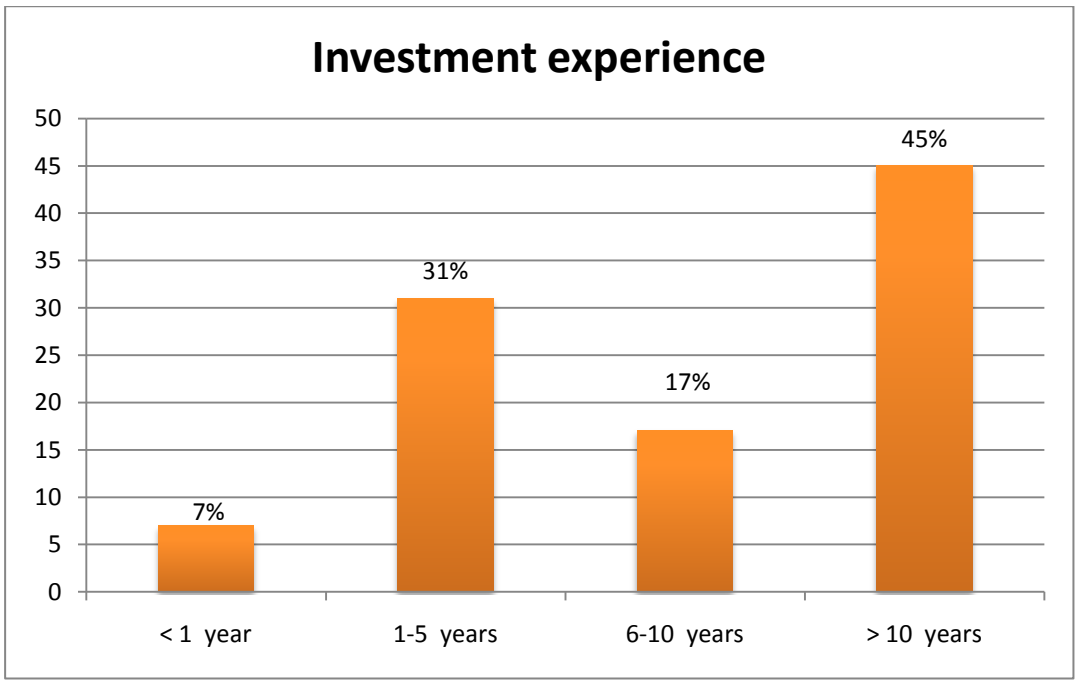


FIGURE B7: INVOLVEMENT IN INVESTMENT PLANNING

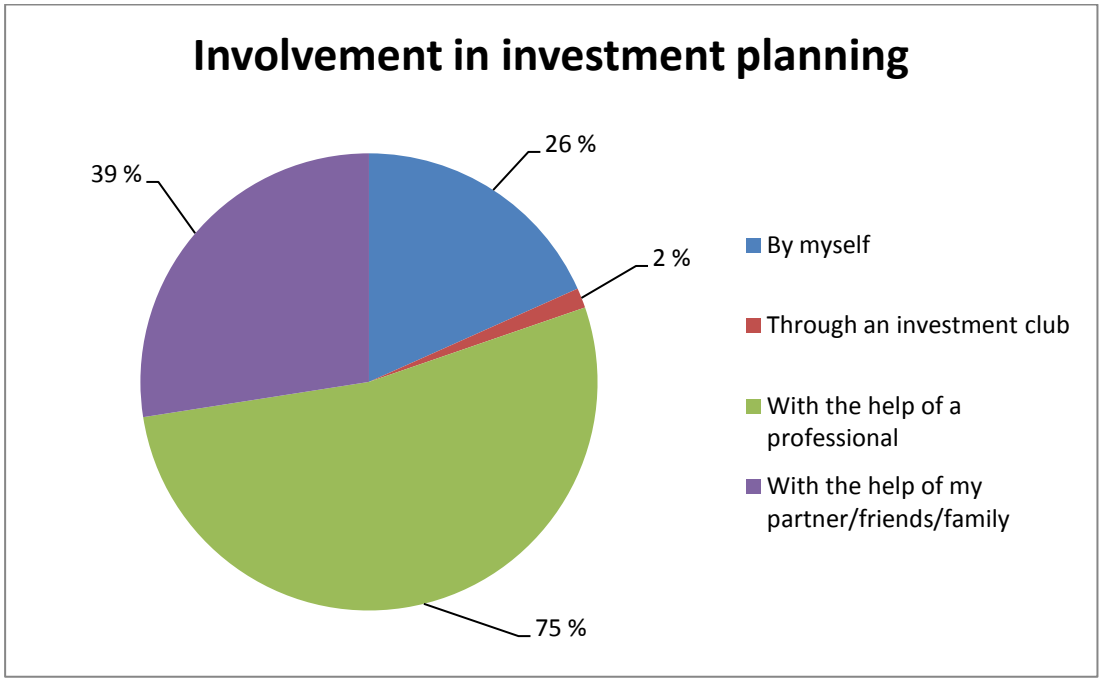
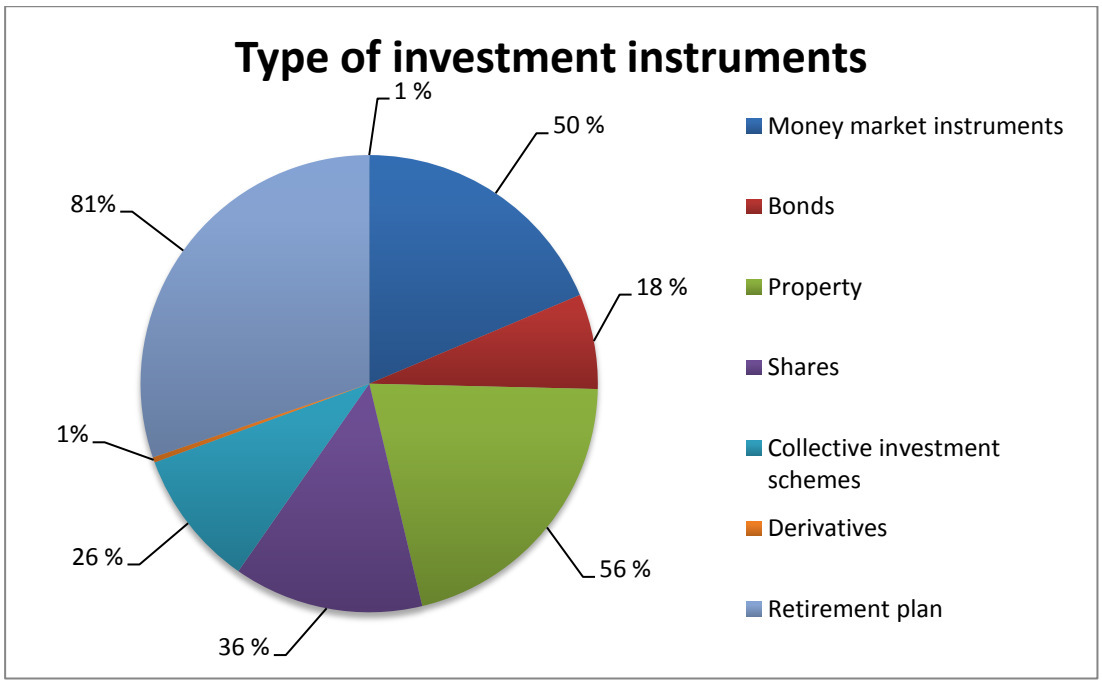


FIGURE B8: TYPE OF INVESTMENT INSTRUMENTS



ANNEXURE C:

CONFIRMATION LETTER FROM LANGUAGE EDITOR

HELEN ALLEN		
Accredited Professional Text Editor, SATI		
Plain Language Practitioner		
		34 Heritage Village
		Tzaneen 0850
		Cell : 087 750 9638
		Home : 0877 509638
		mail : helanallen11@gmail.com

29 November 2014

VERIFICATION

TO WHOM IT MAY CONCERN:

I am a professional text editor, accredited by the South African Translators' (and Editors) Institute (SATI), and a full member of the Professional Editors' Group (PEG).

On 29 November 2014, I completed a linguistic edit of a dissertation

by

Thi Anh Thu Dao

titled

WOMEN'S PERCEPTIONS REGARDING FINANCIAL PLANNING WITH SPECIFIC REFERENCE TO INVESTMENT

H P Allen (Mrs)

ANNEXURE D:

ETHICS APPROVAL

Nelson Mandela Metropolitan University

for tomorrow

Ref: H13-BES-BMa-029[Approved]

Chairperson: Faculty RTI Committee
Faculty of Business and Economics Sciences
Tel. +27 (0)41 504 2906

22 August 2013

Prof E Venter
NMMU
Business Management
Main Building
South Campus

Dear Prof Venter

PROJECT PROPOSAL: Women's perceptions regarding financial planning, with specific reference to investment (MCom:Business Management)

PRP: Prof E Venter
PI: Ms TAT Dao

Your above-entitled application for ethics approval served at Fac RTI.

We take pleasure in informing you that the application was approved by the Committee.

The ethics clearance reference number is **H13-BES-BMa-029**, and is valid for three years. Please inform the Faculty RTI Committee, via the faculty representative, if any changes (particularly in the methodology) occur during this time.

Please inform your co-investigators of the outcome.

Yours sincerely

Dr C Rootman
Faculty of Business and Economic Sciences