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A STUDY ON THE AWARENESS ABOUT STOCK MARKET AMONG FEMALE IN SAUDI ARABIA

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ABSTRACT

The stock market is as pulse of economic mirror, which reflect the economic condition of countries. The investor is the backbones of this market. Therefore, the investor should have a proper investment plan, save for the future and how to allocate this wealth, so the investor must have a posse of required awareness about the risk-return about this security. It is felt important to understand the awareness to increase their knowledge and concept of saving money among markets, especially women in Saudi Arabia. This study examines the awareness of female among Saudi stock market. A questionnaire survey was conducted based on 200 students in Effat University. This study used regression analysis to test the hypothesized relationship between awareness and availability of information, obstacles and channel of dealing with the market. The test results of the model show there is statistically significant relationship between awareness and sources of information in unvaried analysis and no relationship between availability of information, obstacles and awareness among Saudi stock market.

INTRODUCTION

Definition of Securities Market (Securities Stock Exchange), where they were born to play an important in strengthening the economy and especially the local economies, where it plays an important role in providing savings and attract foreign money, especially after opening the market to foreign institutional investors and directing the money toward high-efficiency projects. The stock market is a regulated market to deal in securities, like stocks and bonds and is based on the organization Watchdog regulator on the market and follows the rules and regulations to regulate transactions within its

advantages and its full economic market in the sense in which transparency is available [1]. Any provide full information for investors to buy and sell because of the direct contact between the market and dealers and provide freedom of buying and selling, and the ability of dealers to take advantage of opportunities fluctuations in the actual and projected prices.

Financial literacy and information needs are important for a person knows and understands the forms, functions and use of money and financial services [2]. In today's world financial literacy is important to every individual who wishes to select the best way to carry out payments and take care of banking issues. A number of studies have been conducted worldwide, measuring the awareness of individuals about financial literacy, product, procure and stock market. Many researchers and organizations working in different fields have defined financial literacy in different ways. In the year 2008, the President's Advisory Council on Financial Literacy (PACFL) held a meeting to define financial literacy and financial education in order to enhance the financial literacy of the American population. PACFL defined financial literacy as one's attitude to make use of his or her awareness and abilities to effectively and efficiently deal with his or her financial resources for a whole life span for the purpose of financial welfare [3]. Financial literacy is also important as it is linked with financial practices such as cash-flow management, credit management, saving and investment [4]. Because of financial illiteracy, youths face many financial problems in the United States. Youths have little financial knowledge about how to make good investment decisions [5, 6]. Surveys suggest that knowledge about markets and investing is a fundamental dimension of personal financial literacy [7].

On the contrary Lusardi and Mitchell [8, 9] assessing awareness of investors about understanding of, interest compounding, effects of inflation and risk diversification found a lack of knowledge among the general masses with particularly severe among the elderly, females and those with limited education. Beal and Delpachitra [10] tested five skills area of financial literacy, markets, basic concept, instrument and making decisions. The research found the university student not adapt. Nor knowledge about financial matters. Akhter and Sangmi [11] attempt to assess the awareness based on the concept, product, and institutions of youth. And the result shows the youth has low to moderate level of stock market knowledge and the awareness level is not significantly different among different sample groups. Similar inferences have been drawn from the Commonwealth.

Moreover, the bank of Italy tested in the 1995 to 1998 the awareness of household income and wealth through survey [12]. The results showed that there is a positive relationship between the level of awareness and educational level of household resource and long-term bank relation. And lack of awareness is an important factor to understand stockholding puzzle and estimate stock market participation cost. Similar Limited financial market participation has important implications for individual welfare and the explanation of the equity premium puzzle [13].

According to Ford and Kent [14], the female college student has a lower level of awareness than male, also are being more intimidated by, and less interested in, markets compared with their male counterparts. On average, women are less knowledgeable than men about markets and investing [15, 16]. This divergence has been observed at the collegiate level, in which investigations have found that female college students generally possess lower levels of investment knowledge than their male counterpart [17, 18].

Case of Saudi Arabia, Main [19] examines the impact of financial literacy on different kind of financial decision among Saudi Arabia. The result showed there is significant impact of age and gender on financial literacy. The male has a more financial literacy than female and similar to elder than youth and no significant impact between educational level and current work situation in financial literacy. And in the articles spoked about the role of Saudi women in terms of these studies it showed the extent of the participation of the observer in the Saudi market and its behavior in the market. Despite the minimal participation of women Saudi Arabia in the stock market in the past few years, but it has proven its ability to enter the Saudi market and prove their ability to delve into the field of financial matters as the circulation of shares fever moved men and realized the woman Saudi Arabia, where the evening talks turned into morning sessions in front of screens computer trading volumes in galleries in banks.

Similarly, to Dr. NahedTaher the expert in National commercial bank confirmed the increasing appetites of Saudi women are large and noticeable to enter the Saudi market due to the high level of women's education and increase their awareness about the importance of savings to fund the development of future requirements [20]. Therefore, this study determines the awareness about stock market among female in Saudi Arabia

METHODOLOGY

This study aims to examine the awareness of female among Saudi stock market. This is a qualitative research study and questionnaire survey is used to gather the primary data at Effat University.

Data Source and Measurement

This study is based on the primary data that will be collected from the student studying at Effat University with a sample of 200 students. The sum of value of questionnaire in each factor was used as input to regression analysis.

Model Specification

Previous literature has shown the financial literacy was lower in developed countries, especially in Saudi Arabia. In addition, the multiple regression models are employed to build a model that includes more than one independent variable to calculate and interpret the intercept and slopes of the multiple coefficients of the independent variable.

There are two main purposes of used a multiple regression. First, one frequently can predict the dependent variable more accurately if more than one independent variable is used. For example; if the awareness of Saudi stock market moves positively with availability of information, obstacles in the investment and sources of information, the expected value of the Saudi stock market may be a linear function of the value of GCC stock markets. So, it may be reasonable to assume that.

$$y = a + b_1x_1 + b_2x_2 + b_3x_3 + e$$

Where y = Awareness among Saudi stock market, a = Intercept, x_1 =Availability of information, x_2 =obstacles in investment, x_3 =sources of information.

That is an equation relating the dependent variable (Awareness) to independent variables (Availability of information, Obstacles in investment and source of information).

The second reason for using multiple regressions is assume that awareness among market (dependent variable) depend availability, sources and obstacles (independent variables). But, the observed relationship between awareness of Saudi stock market with one factor may be misleading because the observed relationship may reflect the variance on the other factors in the market. In addition, one of the factors may be totally uncontrolled; it may be varied in such a way as to make it appear that these factors have more effect or less effect on the Saudi stock market more able than in fact is true.

Hypothesis Testing

In addition, since statistical decisions must be made under condition of uncertainty, so using hypothesis testing will improve the decision rules by control and minimize the probability of error. This study used t- Statistic to test the significance of the impact of the independent variable on the dependent. R-Square is used to assess the explanatory power of the model.

T- Statistic is used in decision making if should be supported or reject the null hypothesis. Decision rule, if test-statistic is greater than the critical value the null hypothesis is rejected. In this study a critical value (α) of 0.05 (5 %) is used.

R-squared is a statistical measure of how close the data fit to on the regression line. It is also known as the coefficient of determination, or the coefficient of multiple determinations for multiple regressions. It is the percentage of variance in dependent variable that is explained by the independent variables. R-squared is the fraction of Explained variance over Total variance. R-squared is always between 0 and 1. 0 indicates that the model explains none of the variability of the response data around its mean. 1 indicates that the model explains all the variability of the response data around its mean.

RESULT AND DISCUSSION

Table 1 tabulates the descriptive result of the selected factors. The mean is the average of the data, which is the sum of all the observations divided by the number of observations. According to Table 1, the data full in range of four significant numbers are (5.52, 16.01). However, the maximum number is 16.01 and this for availability of sources and the minimum value is 5.52 and this for age and major of female that participant in the study.

The stander deviation showings to how spread out the data are about the mean. Use the standard deviation to determine how spreads out the data are from the mean. A higher standard deviation value indicates greater spread in the data. In Table 1, the data full in range of (1.90,4.25) but the maximum value are 4.25 for variable (availability of information and the minimum is 1.90for majors and age for female in study so the most data have a higher spread of data is 4.25 and this for availability of information.

Table 1: Descriptive Result of Factors

	Age/ Majors	Availability of information	Obstacles	Sources of information
Mean	5.52	16.01	15.44	10.99
Std. Error	0.19	0.43	0.36	0.27
Median	6.00	17.00	15.00	11.00
Mode	7.00	18.00	15.00	12.00
Std. Dev.	1.90	4.25	3.59	2.69
Sample Variance	3.61	18.03	12.90	7.23
Kurtosis	-1.18	0.15	1.58	0.66
Skewness	-0.36	-0.26	0.26	-0.14
Range	6.00	20.00	24.00	15.00
Min	2.00	6.00	5.00	4.00
Max	8.00	26.00	29.00	19.00
Sum	541.0	1585.	1529.0	1088.
Count	98.00	99.00	99.00	99.00

The Skewness is a measure of symmetry, or more precisely, the lack of symmetry the skewness of a normal distribution is zero, and any symmetric data should have a sickness near zero. Negative values for the skewness indicate data that are skewed left and positive values for the skewness indicate data that are skewed right. However, Table 1 shows the result fell in range of (-0.36, 0.26) and the maximum value is 0.26 for obstacles and minimum value is -0.36 for majors and ages of female in the study. However, because the data full in range near to zero so there is no skeweness in the distribution of data.

Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. The kurtosis should be not more than ± 3 . In Table 1, the data full in range of (-0.18, 1.58). Maximum value is 1.58 for obstacles and minimum value is -0.18 for majors and ages of female in the study. So, because all of the data are less than 3, therefore there is no kurtosis in the distribution of the data.

From Table 2, the adjusted R-square= 0.026, indicates that is 26.6% variance in dependent variable (awareness in the Saudi stock market) is jointly explained by three independent variables, namely (availability of information, obstacles and sources of information in the Saudi stock market).

From Table 3, the F test shows if all variables are jointly significant similar to t test, but t test will show single variable is statistically significant, that means (reject the null hypothesis). The F statistic =12.84 and F value = 0.00, and you should use in combination the p value and f test for deciding if the overall result is significant, so the model fits to the data because significant F less than the critical value of p value (0.05).

Table 4 shows the regression results that awareness is significant in some variables in the Saudi stock market at 1 significance level. Accordingly, to a value of coefficient Table 4, if the availability of information increases by 1, therefore the awareness will increase by 0.15 among the Saudi stock market. T-Statistic is 1.36 and P-Value is 0.10. Therefore [(should p. Value < critical value (0.05)] to reject the null hypothesis $\beta_0=0$). P-value is bigger than the critical value of 0.05, accordingly, the T-test is statistically significant that mean cannot reject the null hypothesis that says no relationship between availability of information and awareness among Saudi stock market.

Secondly, the results say if the obstacles in investment increase by 1 therefore the awareness will increase by 0.08 among the Saudi stock market. T-Statistic is 0.84 and P-Value is 0.40, therefore [(should p. Value < critical value (0.05)] to reject the null hypothesis $\beta_0=0$. P-value is bigger than the critical value of 0.05, accordingly, the T-test is statistically significant that mean cannot reject the null hypothesis that says no relationship between obstacles and awareness among Saudi stock market.

Thirdly, the results say if the sources in investment increase by 1 therefore the awareness will increase by 0.48 among the Saudi stock market. T-Statistic is 2.97 and P-Value is 0.004, therefore [(p. Value < critical value (0.05)] to reject the null hypothesis $\beta_0=0$). The P-value is less than the critical value of P value 0.05, so the significant value is 0.004, for that the T-test is statistically significant that mean the null hypothesis will reject, so there is no relationships between sources (channel and their performance of investments) and awareness among Saudi stock market.

Table 2: Model Test Regression Result of Data

Multiple R	0.537
R Square	0.289
Adjusted R Square	0.266
Standard Error	3.121

Table 3: ANOVA Regression Results of Data

	df	SS	MS	F	Sig. F
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Regression	3.00	375.346	125.115	12.844	0.000
Residual	95.00	925.381	9.741		
Total	98.00	1300.727			

Table 4: Coefficients Regression Result of Data

Variables	Coefficients	Std. Error	t Stat	P-value
Intercept	10.391	1.632	6.368	0.000
Availability of information	0.157	0.096	1.638	0.105
Obstacles	0.085	0.100	0.846	0.400
Sources	0.482	0.162	2.970	0.004

This study obtained consistent result with the previous studies in the absence of investment awareness among the female on the stock market. There is impact of age and gender in financial literacy (level of awareness) as Main [19] examines the impact of financial literacy on different kind of financial decision among Saudi Arabia. The result showed there is significant impact of age and gender on financial literacy. The male has a more financial literacy than female and similar to elder than youth and no significant impact between educational level and current work situation in financial literacy Ford. Ford and Kent [14] in the field of "Gender Differences in Student Financial Market Attitudes and Awareness" that showed the female college student has a lower level of awareness than male, also are being more intimidated by, and less interested in, markets compared with their male counterparts.

CONCLUSION

The most essential factors to increase investors' confidence in the stock market is to provide accurate information to all market participants factor and varied channels through, which can investor to obtain the information necessary to invest in some companies. It has become easy for the investor at the today to obtain the necessary information through brokerage firms such as Wasatah Capital and HSBC in Saudi Arabia. This study attempts to uncover if their relationships between availability of information, obstacles, sources of information and the extent of market female awareness in the Saudi stock market.

The study concluded that some of the results which can be summarized. There is no relationship between availability of information and awareness among Saudi stock market, because the p value of these factors is more than the critical value of p test ($0.10 \geq 0.05$). There is no relationship between obstacles in investment and awareness among Saudi stock market, because the p value of these factors is more than the critical value of p test ($0.40 \geq 0.05$). There is a relationship between sources of information (channel of dealing, performance of intermediary institutions) in awareness among Saudi stock market because the p value of these factors is less than the critical value of p test ($0.004 \leq 0.05$).

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