

THE SAVINGS AND INVESTMENT PRACTICES  
OF OKLAHOMA CITY AREA  
BUSINESS WOMEN

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## Preface

A better understanding of the demographic and psychographic elements involved in savings and investment practices of business women in the Oklahoma City, Oklahoma, area emerged from this study. It appears there is a correlation between demographic and psychographic factors and the financial decision making process.

I want to thank Dr. William Johnston, my major advisor, for his guidance and invaluable help. I also thank the other committee members, David O'Brien and Dr. Call Hall, for their advisement in the course of this work.

Special thanks are due the women of the Midwest City Charter Chapter of the American Business Women's Association, the Tinker Chapter of Federally Employed Women, and the other respondents for their cooperation in making this study possible.

My husband, Conrad Rodgers, and the rest of my family also deserve my heartfelt appreciation for their patience, support and encouragement in this work.

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## CHAPTER I

### INTRODUCTION

During the last 50 years, many American people came to expect the various levels of government to oversee and provide a large part of their personal financial security. Although social programs were never intended to be more than a supplement to self-help, some factions developed a tendency to consider and use social programs as the major source of income during unusual circumstances and, in the case of social security, retirement.

The cost of government social programs increased rapidly over the years due to growing entitlements. Recently the burgeoning federal debt has come under criticism and attack. After many years of heavy spending, the federal administration began slashing expenses and encouraging self-help, indeed, giving tax incentives to savers and investors. (This is true until January 1, 1987; however, because of the tax reform act of 1986, government will no longer underwrite part of individual savings and investment programs except for Individual Retirement Accounts in some cases.)

Traditional values of savings and thrift patterns have been re-emerging following a period of high inflation during which people found they could save money by buying now and paying later, even with high interest rates.

Since World War II, the increasing presence of women in the work

force has had a dramatic influence on both the total economy and the family. In addition to increasing the level of resources, the presence of an additional earner in families with a working wife has lessened the inroads that inflation made on purchasing power.

Some working wives have reported savings goals as a major reason for employment (Foster and Metzen, 1981). However, they report that other studies indicate economic need is a major influence on second earner employment. According to the Wall Street Journal (March 24, 1986), over 50 percent of women work today. Although they trail men in earnings and purchasing power, they make many of the spending decisions in two income households.

According to Lang and Gillespie (1984), it is up to each individual to develop an overall personal financial plan specifically tailored to that person's own objectives, needs, and available resources.

Saying that planning involves the processes of setting goals and identifying actions to achieve the goals, Lang and Gillespie have broken the planning process into five stages: Identification of available income (total income minus essential deductions such as Social Security contributions, health insurance premiums, federal and state taxes, and the like), goal setting, using a budget to plan expenditures, careful spending decisions, and review and analysis.

In the investment planning process, Lang and Gillespie also recommend specifying the purpose of each goal for the purpose of ranking them in importance, setting a specific dollar estimate, and specifying a time horizon in which to reach the goals.

### Statement of the Problem

Studies have been made on reasons why women work and how they spend their money. However, research pertaining to women's actual savings and investment practices and attitudes toward these practices appears to be limited. Also, continuing study on this subject is justified because of rapidly changing behavior.

The purpose of this study is to learn how business women in the Midwest, specifically in the Oklahoma City, Oklahoma, area allocate their resources for savings and investment practices in 1986. Also to be studied is the respondents' attitudes toward the results of their savings and investment practices and whether or not demographic and psychographic variables have a correlation with the practices.

### Research Questions

The following questions are guides for the study.

1. Is there a relationship between demographic variables, i.e., income and age, and respondents' savings and investment practices?
2. Who is responsible for respondents' savings and investment decisions?
3. Do single respondents seek outside advice before making savings and investment decisions if they have that responsibility?
4. Do married respondents make savings and investment decisions jointly with the spouse? If so, do they seek outside advice before making the decision?

5. What are the methods used by respondents in attainment of their savings and investment goals?
6. What vehicles are used by respondents to attain those goals?
7. Once a savings or investment decision is made, do respondents follow the progress of their money as recommended by Lang and Gillespie?
8. Are respondents satisfied with the results of their savings and investment decisions?

Also, recommendations for further research will be made along with discussions of demographic and psychographic variables and the savings and investment decision process.

#### Assumptions

The assumptions formulated for this study are as follows:

It is assumed respondents will answer the questionnaire truthfully.

It is assumed approximately 90 percent of women asked to participate in the study will complete and return the instrument.

It is assumed only some of the respondents in their savings and investments have basically used preplanning decisions similar to those set down by Lang and Gillespie (1984).

It is assumed the investors profiled in USA Today and Money were dissatisfied with their savings and investment practices or at least wanted to improve such practices prior to their contact with those publications and the experts.

It is further assumed the women profiled in USA Today and Money are somewhat atypical of the respondents in the study.

### Limitations

Limitations of the study are as follows:

The study is limited by the time frame.

Previous research on the subject areas is limited or obscure.

## CHAPTER II

### REVIEW OF THE LITERATURE

A review of literature did not specifically answer all of the questions set forth as objectives for this study. However, the following information and profiles were revealed during the search and are deemed to have sufficient relationship to the questions to merit inclusion in the study.

The notion that there is a relationship between women's demographic variables and their savings and investment practices is reinforced by the results of the 1980-81 Consumer Expenditure Survey as revealed in American Demographics by Robey and Russell (1983). They note 20 percent of respondents with the highest income devote only 20 percent of that income to food, energy, and household expenditures presumably leaving much more discretionary income for savings and investments, travel and other subjects. Lower income families were found to allocate a much larger percentage of income toward necessities, leaving less discretionary income for savings, investment, and other expenditures.

Foster and Metzen (1981) found that the total amount of family income had a substantial influence on net worth among their sample families. Families with modest amounts of net worth were found to have a greater commitment to the goal of increased family security. The positive effect of a two earner family on net worth suggests that, over

time, two earner families would be able to reach more favorable net worth positions in comparison with one wage earner families.

Regarding the question of responsibility for savings and investment practices, Cadden (1977) found the day to day management of household money is more likely to be handled by women than by men although major decisions about investments and large purchases in three of four families are found to be made jointly.

Of the women responding to Cadden's survey, most of the married women had joint checking and savings accounts with their husbands. If there was a second set of accounts in the family, it was more likely to be in the wife's name.

Regarding the questions, "What are the methods used by respondents in attainment of their savings and investment goals? What vehicles are used by respondents to attain those goals?," Foster and Metzen (1981) found that the goal of family financial security was sufficiently strong enough that at least a portion of any income increase was allocated to savings or investment.

Other research (Walsh, 1982) found that 50 percent of investors in this country are women. Walsh also found that career women, in particular, have their own savings accounts.

While Cadden (1977) found the most affluent families (incomes over \$40,000 in 1977 dollars) to have a higher percentage of savings and investments in all categories except credit unions, the difference was most marked in stocks, bonds, mutual funds, and investments in a business. Over 40 percent of Cadden's respondents have pensions and retirement plans. The figures rose steadily as respondents approached age 65.

The Wall Street Journal (March 24, 1986) reports that 20.6 percent of professional/managerial women own a money market fund, five percent own a mutual fund, 31.5 percent own securities (excluding United States savings bonds), and over 16 percent have an Individual Retirement Account. The percentage declines in each category for non-professional/managerial working women. For non-working women, the percentages decline further in each category except money market funds which, at 14.9 percent, is 4.2 percent higher than the 10.7 percent owned by other working women.

The following information and profiles give insight on the question of satisfaction toward the results of previous savings and investment practices and shed light on the relationship of demographic variables to net worth accumulation.

In the September 1986 issue of Money, the assistant managing editor, Frank Lalli, said of the following profiled women and others who have sought investment advice through his publication, "...Ordinary people for the most part have disclosed to us their most private financial details and then met at our invitation with a panel of advisers. The subjects get valuable advice for free..."

Gloria Zucker is 48 and the divorced mother of three. Her income for the past year was \$60,007 including \$34,314 from the sale of her residence. Her net worth was \$33,067 including \$23,000 from the house proceeds and was placed in a money market savings fund.

Helga von Dohlen, 56, has income of \$31,165 annually from interest, dividends, and pension of her deceased husband. Her assets consist mainly of securities she bought herself. Her holdings totaling over half a million dollars are distributed as follows: Savings - 1.5

percent, stocks - 36 percent, munis - 9.5 percent, real estate - 19 percent, and T-notes - 34 percent.

Emilie Wilson, 58 and divorced, has an inheritance of \$236,313 in stocks, bonds, and mutual funds. In the 16 months of managing her nest egg, Wilson boosted the portfolio by \$88,079, mostly on paper.

She also has income of \$20,400 per year plus rent from a roomer which covers payments on an \$11,149 mortgage on her house valued at \$155,000. Her total net worth is nearly \$600,000.

Similarly, the subjects of "Your Money Plan," in USA Today (October 20, 1986), were Yash and Sandra Pahwah of East Northport, New York. He is 50; she is 38. They have a combined annual income of \$154,400 and net worth of \$391,000. They turned to that publication for investment advice.

Because the subjects of the preceeding profiles sought advice through the publications' experts, it would appear that they have some dissatisfaction with results of their practices. Although Lalli describes the subject's as ordinary people, their sizeable incomes and/or net worth positions in some cases seem atypical of ordinary families in general.

## CHAPTER III

### METHODOLOGY OF THE RESEARCH

#### The Sample

Answers to research questions were sought by surveying the total populations of the women present at the September meetings of the Midwest City Charter Chapter of the American Business Women's Association and the Tinker Chapter of Federally Employed Women and selected other working women.

This sampling was chosen because the women met the following criteria:

1. They are or have been employed.
2. While the Tinker Chapter of Federally Employed Women are federal employees, the population of the Midwest City Chapter has a more diverse background and represent a broader cross-section.
3. The women were willing to participate in the study.
4. The respondents were considered competent to answer completely and reliably due to their business backgrounds.

### The Instrument

The printed questionnaire was developed by the author of this study and pre-tested by ten working women who self-administered the instrument at an earlier date. They were asked to give input on the amount of time required to complete the survey, ease or difficulty of the questions, and whether or not the questions were unambiguous and clear as well as any other data they considered pertinent to the study. Advice was also sought from the author's faculty adviser.

A printed questionnaire was personally handed to each respondent for self-administration. A self-addressed stamped envelope was given by the author to each respondent opting to return the form by mail on or before the given deadline (five days after the questionnaire was distributed).

The instrument (Appendix) was composed of approximately 45 questions, the majority of which were of block category type requiring a checkmark or circling the answer(s) in order to achieve greater uniformity of responses and for ease in processing the results. Some questions were open ended because the subject area was such that there could be unusual and/or unexpected answers and to gain information that might be omitted if another format was used. Space was provided for respondent's comments, if any, at the end of the instrument. A concerted effort was made to include questions relevant to the study, also that questions would be socially desirable, that is, a serious effort was made in structuring the questions so that no respondent would be embarrassed in answering the questions. To that end, it was stressed that participation was voluntary, and respondents were guaranteed

anonymity unless they chose to be identified.

### The Procedures

The instrument contained questions seeking demographic and psychographic data which was expected to give insight on or to answer the following research questions:

1. Is there a relationship between demographic variables, i.e., income and age, and respondents' savings and investment practices?
2. Who is responsible for respondents' savings and investment decisions?
3. Do single respondents seek outside advice before making savings and investment decisions if they have that responsibility?
4. Do married respondents make savings and investment decisions jointly with the spouse? If so, do they seek outside advice before making the decision?
5. What are the methods used by respondents in attainment of their savings and investment goals?
6. What vehicles are used by respondents to attain those goals?
7. Once a savings or investment decision is made, do respondents follow the progress of their money as recommended by Lang and Gillespie (1984)?
8. Are respondents satisfied with the results of their savings and investment decisions?

Although the instrument also included questions on respondents' uses of credit and their attitudes toward same, much more weight was

placed on the questions pertaining to respondents' demographic variables and psychographics toward their savings and investment practices. Upon return of the completed questionnaires, certain questions were eliminated from the study in order that greater emphasis could be placed on subject areas. Data was sorted by income brackets then subdivided by age, those respondents under age 46 and those age 46 and over. Depending on the question, sub-categories were developed accordingly, then answers were sorted and computed to give a percentage basis for comparison. Percentages were rounded.

After data was divided into subject areas, tables were developed in order that data would be clear and easily understandable. An analysis of each factor was made by the author in the search for answers to the research questions set forth in Chapters One and Three of this study.

## CHAPTER IV

### RESULTS AND DISCUSSION

In the search for answers to the research questions which are guides for this study, a preliminary review of returned questionnaires produced the decision to focus on selected questions instead of all subject areas. The selected questions were (Appendix): 1.A - Marital Status, 1.B - Age, 1.E - Respondent's Highest Educational Level, 1.F - Total Household Income, 1.I - Living quarters, 5., 5A., B., and C. - Savings habits, 6., 6A., B., C., and D. - Investment Practices, 7. Savings and investment methods, 8. - Responsibility for savings and investment decisions, 10 - Does respondent chart or follow progress of investments?, and 11. - Is respondent satisfied with the results of the savings and investment practices and to what degree?

Responses were sorted by income brackets then sub-divided into age groups of those under 46 and those 46 and over then broken down into sub-groups as per the following example:

<u>INCOME</u>	<u>AGE</u>	<u>HIGHEST LEVEL OF RESPONDENT'S EDUCATION</u>
\$50,000 and Over	Under 46 46 and over	Some High School or Less High School Graduate Some College/Technical School Bachelor Degree Master's Degree Doctorate

To meet objectives pertaining to demographical data, income and age were factored into subject areas as deemed appropriate by the author. It should be noted that respondents in some instances may have multiple answers or no answers; therefore, percentages will not always equal 100. Also, positive answers have been included with "no" answers and blanks being ignored unless necessary to include. Percentages were rounded where applicable.

#### Description of the Sample

The following table presents a partial description of the 44 women who participated in this study. Respondents' homeownership and educational backgrounds are discussed in the next segments of the study.

Of the respondents, 14 are under age 46; 30 are age 46 or over. Of those under age 46, 12 are married; their incomes range between \$15,000 and \$74,999. There are no respondents under age 46 in the lowest or the highest income brackets.

Of those age 46 and over, half are married. One respondent had an income exceeding \$75,000. Two respondents' incomes were less than \$15,000 annually. The balance of respondents were more evenly divided into the remaining income categories with the highest number, 11, falling into the median income bracket, \$25,000 - 34,999. Six of these women are married as are the majority in both age groups with incomes exceeding \$25,000. This suggests that people in two earner households will have higher incomes than single earner families; therefore, more discretionary income for expenditures other than necessities and for savings and investments.

TABLE I  
DESCRIPTION OF THE SAMPLE

(N = 44)

Annual Income	Under Age 46	Number of Married	Age 46 and over	Number of Married	Combined % of Respondents
\$75,000 & Over	—	—	1	1	2%
\$50,000 - 74,999	3	3	5	5	18%
\$35,000 - 49,000	5	5	4	3	20%
\$25,000 - 34,999	1	1	10	6	25%
\$20,000 - 24,999	4	3	3	—	16%
\$15,000 - 19,999	1	—	5	—	14%
\$ 0 - 14,000	—	—	2	—	5%

Because the 2 percent of respondents with incomes in the \$75,000 and over bracket was just one respondent, this bracket was included with the \$50,000 - 74,999 grouping to help preserve anonymity when studying other subject areas. The two respondents in the \$0 - 14,999 income bracket were included with the next higher income group for the same reason.

### Homeownership

Home ownership was examined by income and age brackets (Table II). In the \$50,000 and over, the \$35,000 - 49,999, and the \$0 - 19,999 income brackets, all were found to be homeowners which reflects in net worth accumulations. However, just 12 percent of respondents in the total sampling replied that they were investing in real estate. This finding raises a question as to whether homeownership is considered by the population in general to be an investment or perhaps just an element of existence. There is also the possibility that respondents did not understand that, for this study at least, the home was to be considered an investment. Consideration was given to the fact that it is possible the homes are paid for; however, it was considered unlikely that this would be the case in so many instances.

In the median income group, \$25,000 - 34,999, 90 percent of respondents age 46 and over said they are homeowners. This includes one respondent who said she owns a home in Michigan but is renting in Oklahoma. None in the under 46 group at this income level said they were homeowners. At the \$20,000 - 24,999 income level, 75 percent of those under age 46 and 100 percent of those 46 and over are homeowners.

TABLE II

## HOMEOWNERS BY INCOME AND AGE

(N = 44)

INCOME	UNDER AGE 46 (N)		46 AND OVER (N)	
\$50,000 and Over	100%	(3)	100%	(6)
\$35,000 - 49,999	100%	(5)	100%	(4)
\$25,000 - 34,999	—		90%	(9)*
\$20,000 - 24,999	75%	(3)	100%	(3)
\$ 0 - 19,999	100%	(1)	100%	(7)

\*In this category, one respondent is a homeowner in another state and renting in Oklahoma; therefore, this figure includes the respondent as a homeowner.

## Educational Background

Analysis of respondents' educational backgrounds was made by income and age groups (Table III).

Among those under age 46 in the highest income bracket 67 percent hold a bachelor's degree and 33 percent have some college or technical schooling. The older respondents were equally divided with 50 percent holding a bachelor's degree and 50 percent having at least some college or technical schooling.

In the \$35,000 - 49,999 income group, respondents under age 46 have more diverse educational backgrounds with 20 percent holding a bachelor's degree while 40 percent have some college or technical schooling, and 40 percent are high school graduates. One hundred percent of the older women in this category say they have had some college or technical schooling.

All of those under 46 in the \$25,000 - 34,999 income bracket have had some college or technical schooling. Of those 46 and over, 10 percent hold a master's degree and 10 percent hold a bachelor's degree.

High school graduates and holders of bachelor's degrees were split at 50 percent each among those under 46 at the \$20,000 - 24,999 income level. Of their older sisters, 33 percent each are either high school graduates or have some college or technical school. Another third did not reply to the question.

One hundred percent of the younger respondents with incomes under \$20,000 have some college or technical schooling. Of those 46 and over, 14 percent hold a Master's degree while 72 percent also have a college or technical school background and 14 percent had some high school or less.

Overall, the vast majority of respondents said they have at least some college or technical schooling. However, two-thirds of those with bachelor's degrees have incomes exceeding \$35,000 annually. Another one-sixth of those with bachelor's degrees and half of those with master's degrees have incomes between \$25,000 and 34,999. From this finding, it would appear that a higher level of education has a bearing on potential earnings.

The preceeding analysis of respondents' demographic variables, excepting age, suggest there is a relationship between educational level and income in that a higher educational level carries potential for greater earnings as does the higher level of income generally found in two-earner families. In turn, a higher level of income leaves more money for discretionary expenditures and for allocation to savings and investments including homeownership. Age and income are factored into

TABLE III

## EDUCATIONAL BACKGROUND OF RESPONDENTS BY INCOME AND AGE\*

(N = 44)

Income	Age	Some High School or Less (N)	High School Graduate (N)	Some College/ Tech. School (N)	Bachelor Degree (N)	Master's Degree (N)
\$50,000 and Over	Under 46	--	--	33% (1)	67% (2)	--
	46 and over	--	--	50% (3)	50% (3)	--
\$35,000 - 49,999	Under 46	--	40% (2)	40% (2)	20% (1)	--
	46 and over	--	--	100% (4)	--	--
\$25,000 - 34,999	Under 46	--	--	100% (1)	--	--
	46 and over	--	--	80% (8)	10% (1)	10% (1)
\$20,000 - 24,999	Under 46	--	50% (2)	--	50% (2)	--
	46 and over	--	33% (1)	33% (1)	--	--
\$ 0 - 19,999	Under 46	--	--	100% (1)	--	--
	46 and over	14% (1)	--	72% (5)	--	14% (1)

\*No Respondent holds a Doctorate.

the following segments in order to allow analysis of whether or not these demographic variables have a relationship to savings and investment methods and practices.

#### Decision Processes

The answers to the following rephrased questions revealed some of respondents' decision making practices.

"Who is responsible for savings and investment decisions in your home? Before making such decisions, do you seek outside advice?"

The majority of respondents in all age groups with incomes over \$25,000 said they share the decision process jointly with a spouse. Only one respondent in the highest income level said the decision making process was the sole responsibility of the spouse. Additionally, 100 percent of the married respondents under age 46 with incomes of \$25,000 - 34,999 received outside advice in the decision making process as did 25 percent of those at \$35,000 - 49,999 and 50 percent of those at the \$20,000 - 24,999 income levels.

Of the older women, those with incomes over \$50,000 were the most likely to seek outside advice prior to making decisions, and 17 percent of their counterparts in the \$25,000 - 34,999 bracket sought outside advice in the joint decision practice.

Of the respondents with incomes less than \$25,000, most had sole responsibility for the decision process. Outside advice was asked by 50 percent of those under 46 and a third of the respondents 46 and over having incomes between \$20,000 - 24,999. The married respondents in this income bracket made joint decisions with a spouse. Only 50 percent of the married respondents sought outside advice in their investment decisions.

Only 14 percent of respondents age 46 and over with the lowest incomes said outside advice was sought in the savings and investment decision process.

In general, married respondents were found to make savings and investment decisions jointly with the spouse. Along with those with sole responsibility for the decision-making process, under half sought outside advice before finalizing their decisions. This finding suggests that some of the women had a need to receive input or reinforcement prior to finalizing a savings/investment decision.

#### Methods Used to Allocate Savings and Investment Dollars

The overall number of respondents answering the question pertaining to the method of allocating savings and investment monies were almost evenly divided between a set amount of money on a regular basis, using available money and allocation by a percentage of income basis (Table V). The most significant variances in methods were found in the women age 46 and over with the highest incomes where 60 percent used available money and 50 percent in the \$25,00 - 34,999 bracket saved a set amount while 50 percent of the younger respondents at the \$20,000 - 24,999 level preferred the percentage of income method. However, this question had a high no response rate with respondents at all income levels except \$50,000 and over and \$20,000 - 24,999.

The major point revealed by this analysis is found in the highest income bracket wherein 60 percent of the women used available money for saving and investing. This suggests that the demographic variable, level of income, has a significant relationship to funds available for

savings and investments and that it might not be necessary for respondents at the upper income level to make specific allocations for savings and investments.

TABLE IV

## THE SAVINGS/INVESTMENT DECISION - MAKING PROCESS BY INCOME AND AGE

(N = 44)

Income	Age	Responsibility of Respondent Only (N)	% Seeking Outside Advise (N)	Spouse Only (N)	Joint Decision (N)	Receiving Outside Input (N)
\$50,000 & Over	Under 46	--	--	--	66% (2)	--
	46 and over	17% (1)	100% (1)	17% (1)	66% (4)	50% (2)
\$35,000 - 49,999	Under 46	20% (1)	--	--	80% (4)	25% (1)
	46 and over	25% (1)	--	--	75% (3)	--
\$25,000 - 34,999	Under 46	--	--	--	100% (1)	100% (1)
	46 and over	40% (4)	75% (3)	--	60% (6)	17% (1)
\$20,000 - 24,999	Under 46	50% (2)	50% (1)	--	50% (2)	50% (1)
	46 and over	100% (3)	33% (1)	--	--	--
\$ 0 - 19,999	Under 46	100%	--	--	--	--
	46 and over	100% (7)	14% (1)	--	--	--

TABLE V  
METHODS USED TO ALLOCATE SAVINGS AND INVESTMENT DOLLARS  
BY INCOME AND AGE

(N =44)

INCOME	AGE	PERCENT OF INCOME (N)	SET AMOUNT (N)	AVAILABLE MONEY (N)	NO REPLY (N)
\$50,000 & Over	Under 46	33% (11)	33% (1)	33% (1)	—
	46 and Over	20% ( 1)	20% (1)	60% (3)	—
\$35,000 - 49,999	Under 46	20% ( 1)	20% (1)	—	60% (3)
	46 and Over	—	25% (1)	25% (1)	50% (2)
\$25,000 - 34,999	Under 46	—	—	—	100% (1)
	46 and Over	—	50% (5)	—	50% (5)
\$20,000 - 24,999	Under 46	50% ( 2)	25% (1)	25% (1)	—
	46 and Over	67% ( 2)	—	—	33% (1)
\$ 0 - 19,999	Under 46	—	—	—	100% (1)
	46 and Over	—	14% (1)	14% (1)	72% (5)

#### Savings and Investment Vehicles

Savings and investment vehicles are discussed in tables VI and VII. Contrary to Cadden's (1977) findings, 100 percent of respondents at income levels \$50,000 and over, \$35,000 - 49,999 and the respondents under 46 in both the \$25,000 - 34,999 and \$0 - 19,999 levels save at a credit union. Credit unions were favored by the majority of all other respondents while banks were chosen as a secondary institutions by some respondents. Savings and loans trailed in all categories.

TABLE VI  
RESPONDENTS' SAVINGS INSTITUTION BY  
INCOME AND AGE

(N = 44)

INCOME	INSTITUTION	UNDER		AGE	
		AGE 46	(N)	46 AND OVER	(N)
\$50,000 & over	Credit Union	100%	(3)	100%	(6)
	Banks	33%	(1)	33%	(2)
	Savings & Loan	—		—	
\$35,000 - 49,000	Credit Union	100%	(5)	100%	(4)
	Banks	40%	(2)	50%	(2)
	Savings & Loan	20%	(1)	25%	(1)
\$25,000 - 34,999	Credit Unions	100%	(1)	90%	(9)
	Banks	—		50%	(5)
	Savings & Loan	—		10%	(1)
\$20,000 - 24,999	Credit Unions	75%	(3)	66%	(2)
	Banks	75%	(3)	—	
	Savings & Loan	25%	(1)	—	
\$ 0 - 19,999	Credit Unions	100%	(1)	72%	(5)
	Banks	100%	(1)	43%	(3)
	Savings & Loan	—		—	

There was a marked difference in holdings of Individual Retirement Accounts between the age groups. At the \$20,000 - 24,999 income level, one third of the older respondents said they have an IRA. The numbers increased to 78 percent in the median income category, \$25,000 - 34,999, followed by 67 percent in the top income bracket. The numbers dropped to 50 percent in the \$35,000 - 49,999 and under \$20,000 brackets. However, of the women under 46 only 33 percent of those in the \$50,000 and over bracket said they have an IRA.

The theory that investment holdings are usually more significant at upper income levels did not prove completely true as all the respondents under 46 at the top income level said they do not invest (other than those with an IRA). Overall, more of the older women invest in certificates of deposit and mutual funds than do their younger counterparts. Respondents in the two age categories are more evenly divided in stock purchases which trail all categories except real estate other than the home which is held only by some of the older respondents. These findings appear to support the theory that older women will have more investments and use more diverse investment vehicles than younger women.

#### Progress of Saving and Investment Money

When asked if they chart or otherwise follow the progress of their investments (Table VIII), most respondents under 46 in the \$35,000 - 49,999 category said "Yes." With the exception of 25 percent in the \$20,000 - 24,999 income bracket, no other respondents under 46 said they chart or follow their investments, if any, although one respondent with an income of \$50,000 or more said she charted savings.

TABLE VII  
INVESTMENT VEHICLES BY INCOME AND AGE

(N = 44)

INCOME	AGE	CERTIFICATE OF DEPOSIT (N)	MUTUAL FUNDS (N)	STOCKS (N)	U.S. BONDS (N)	*REAL ESTATE (N)	OTHER (N)	IRA (N)
\$50,000 & Over	Under 46	—	—	—	—	—	(1)	33% (1)
	46 and over	50% (3)	50% (3)	—	50% (3)	17% (5)	—	67% (4)
\$35,000 - 49,999	Under 46	20% (1)	—	20% (1)	20% (1)	—	—	—
	46 and over	75% (3)	—	25% (1)	50% (2)	—	25% (1)	50% (2)
\$25,000 - 34,999	Under 46	—	100% (1)	—	—	—	—	—
	46 and over	50% (5)	20% (2)	30% (3)	50% (5)	30% (3)	—	70% (7)
\$20,000 - 24,999	Under 46	—	25% (1)	25% (1)	50% (2)	—	—	—
	46 and over	100% (1)	33% (1)	33% (1)	—	—	33% (1)	33% (1)
\$ 0 - 19,999	Under 46	—	—	—	100% (1)	—	—	—
	46 and over	72% (5)	28% (2)	—	14% (1)	—	—	43% (3)

\*Other than personal residence

TABLE VIII  
PERCENTAGE OF RESPONDENTS CHARTING PROGRESS OF THEIR INVESTMENTS  
BY INCOME AND AGE

(N = 44)

INCOME	UNDER 46	(N)	46 AND OVER	(N)
\$50,000 and Over	—		33%	(2)
\$35,000 to 49,999	60%	(3)	50%	(2)
\$25,000 to 34,999	—		40%	(4)
\$20,000 to 24,999	25%	(1)	66%	(2)
0 to 19,999	—		50%	(4)

A significant difference was revealed between the age groups. Of the older respondents, at every income level, at least one-third said they chart or follow their investments. The percentages increased to 66 percent at the \$20,000 - 24,999 level. These findings also seem to support the theory that there will be a significant difference in psychographics between the age groups with older women having a greater need to track and/or preserve capital than do younger women.

#### Attitudes Toward Results of Savings and Investment Practices

In measuring attitudes toward the results of savings and investment practices (Table IX), respondents said they are, in general, only moderately satisfied with the results of those practices. However, 17 percent of those 46 and over with the highest incomes said they were highly satisfied as did 25 percent of their counterparts at the \$35,000 - 49,999 income level, 20 percent at the \$25,000 - 34,999 level and 14

percent of those with incomes below \$20,000. None of the women under 46 were highly satisfied with their results except 20 percent of those with incomes between \$35,000 and \$49,999.

Outright dissatisfaction with investment results was expressed by 67 percent of those under 46 with the highest incomes, 40 percent at the \$35,000 - 49,999 level and 100 percent at the median income level. One third of those at the \$20,000 - 24,999 income level, and all of the respondents in the lowest income bracket said they were dissatisfied.

Less dissatisfaction was reported by the older respondents than by their younger counterparts at each income level, and at the \$50,000 and over income level, none of the older women said they were dissatisfied. These findings give credence to the theory that older women will be more satisfied with the results of their savings and investment practices. In considering the theory that individuals with high levels of income would be more satisfied with the results of their savings and investment practices, observation of the older women supported the theory. However, the theory was not supported when measuring attitudes of the respondents under age 46 as 67 percent said they were dissatisfied in this area.

TABLE IX

## DEGREE OF SATISFACTION TOWARD RESULTS OF SAVINGS/INVESTMENT PRACTICES

(N = 44)

Income	Age	High Satisfaction (N)		Moderate Satisfaction (N)		Low Satisfaction (N)		Dissatisfaction (N)	
\$50,000 & Over	Under 46	--		33%	(1)	--		67%	(2)
	46 & over	17%	(1)	83%	(5)	--		--	
\$35,000 - 49,999	Under 46	20%	(1)	40%	(2)	--		40%	(2)
	46 & over	25%	(1)	50%	(2)	--		25%	(1)
\$25,000 - 34,999	Under 46	--		--		--		100%	(1)
	46 & over	20%	(2)	40%	(4)	20%	(2)	20%	(2)
\$20,000 - 24,999	Under 46	--		100%	(4)	--		--	
	46 & over	--		67%	(2)	--		33%	(1)
\$ 0 - 19,999	Under 46	--		--		--		100%	(1)
	46 & over	14%	(1)	57%	(4)	14%	(1)	14%	(1)

## CHAPTER V

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Summary

The purpose of the study is to learn how businesswomen in the Midwest, specifically the Oklahoma City, Oklahoma area, allocate their resources for savings and investment practices. Also studied was the relationship between demographic and psychographic variables and savings and investment decisions and practices.

The sample chosen consisted of the entire populations of the Midwest City Charter Chapter of American Business Women and the Tinker Chapter of Federally Employed Women at their September 1986, meetings and other selected working women.

The questionnaire included questions on demographics, savings and investment decisions, and practices and attitudes.

The results of the study supported the theory that there is a correlation between demographic variables, i.e., income and age, and savings and investment practices. The median income level was determined to be \$25,000 - 34,999. As incomes rose, more respondents were found to have higher levels of education than did their counterparts in lower income brackets. Homeowners were in the majority at all levels of income.

The preceding findings give insight on the question, "Is there a

relationship between demographic variables, i.e., income and age and respondents' savings and investment practices?" It appears that there is a significant relationship between the level of income and money available for allocation to savings and investments including homeownership. Considerable differences were found between the age groups in most of the areas of study.

Only one respondent leaves the savings and investment decision making process to the spouse. Among those making decisions jointly with a spouse, most do so without outside advice. The methods used to allocate savings and investment dollars included using available money, set amounts on a regular basis and a percentage of income and respondents were rather equally divided in methods chosen to allocate dollars for savings and investment. These findings appear to give credence to the theory there is a correlation between psychographics and savings and investment practices.

In contrast to earlier findings, almost all respondents were found to save at a credit union followed by banks and savings and loan companies. Respondents were more divided in their selection of investment vehicles. United States bonds, certificates of deposits and mutual funds accounted for the majority of holdings. There was evidence that the women age 46 and above have more investments than those under 46. The theory that those with higher incomes would have more diverse methods of investment was somewhat substantiated. The older women in all income levels were more likely to follow their investment dollars than those under age 46. In general, the older women said they were better satisfied with the results of their savings and investment practices although high amounts of dissatisfaction were found in all

categories. This finding gives support to the theory that older women will display greater degrees of satisfaction with results of their savings and investments if for no other reason than they have had more opportunity to amass net worth accumulation.

Psychographic elements appeared in savings and investment decisions and practices as witnessed by the vehicles chosen for placement of investment dollars, following the progress of invested money, and in the degree of satisfaction achieved with the results of the savings and investment practices. Psychographic and demographic variables appear to inter-weave throughout the decision processes with older respondents and those with higher levels of income behaving differently than the younger and/or less wealthy counterparts in the same subject areas.

### Conclusions

The author was surprised to find 42 percent of respondents have incomes at or above the \$35,000 level, that approximately 95 percent of the respondents are homeowners, and that almost all save at a credit union. However, some of these findings might be explained by the fact that many of the respondents are federal employees or may be otherwise influenced by the proximity to Tinker Air Force Base.

These findings give the author a difference perspective than some of the earlier research. However, because of the rather narrow scope of the sampling, the findings may not be indicative of savings and investment practices of area business women in general although the findings will give insight to those involved in the study and to their peers. For these reasons and because of rapidly changing behavior, the author believes that the study was justified.

### Recommendations

A similar but much more detailed study is presently being performed on a national basis by Money magazine, but results will not be available for several months.

Money's study, if available, would have provided valuable information pertinent to this study if the information given by Money's women respondents is segregated by sex. For this reason and because of rapidly changing behavior, it is recommended that another study using a wider sampling of respondents from the Oklahoma City area be performed at a later date after results of the Money study are published. The results of further study should provide more insight on how women in this area compare to women from all over the country in the matter of their savings and investment practices.

Because so many of the respondents in this study expressed no satisfaction or only moderate satisfaction with the results of their savings and investment practices, it appears that financial education might be helpful in raising those levels of satisfaction. The author respectfully recommends that all women take steps to gain at least a basic education in financial security. This can be done by reading, networking, attending seminars and/or by taking courses at one or more of the nearby colleges or universities. However, it is further recommended that anyone seeking savings and investment information be aware that there are many individuals and companies providing that type of information who have biased viewpoints because they want to sell some financial product. This is not to say that their viewpoints should be ignored, but it is important to get all the information, not just one point of view.

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APPENDIX

THE INSTRUMENT

SURVEY  
PURPOSE AND INSTRUCTIONS

Responses to this survey will be used as part of a study to determine how American business women handle money matters and the use of credit. A major focus will be placed on savings and investment practices. Demographical data will be studied to determine if a correlation exists between statistical elements and savings and investment practices and attitudes toward results of those practices.

The end data compiled from all the returns will become part of a study prepared by Anne Rodgers, Master's Degree candidate, Oklahoma State University. It will be presented for review by Dr. William Johnston and the graduate committee.

Your cooperation in completing the survey is both needed and requested. If you cannot complete the survey during this meeting, please take a self-addressed, stamped envelope as you leave the meeting, and place the completed survey in the mail on or before 25 September 1986.

Your response to the survey is both voluntary and anonymous. Do not write your name on the survey unless you want your identity known. If you opt to not complete the survey, please return it blank. Please leave it at your seat, or put it on the table near the door.

If more space is needed for your answers, please use the blank space at the end of the survey, and number your answer to correspond to the question number.

If you have any questions about the survey, I can be reached at (405) 391-5801 evenings. Thank you for your cooperation and help.

Sincerely,

Anne Rodgers

## SURVEY

DEFINITION: Personal money is defined as that money, from any source, which is set aside for your personal use.

Household money is all other money received into your home regardless of who directs the use of the money.

(If yours is a single income home (your income) count that as Personal Money.)

Please place an "X" on appropriate lines or insert data in blank spaces where appropriate. If a box or blank is not provided, please circle the appropriate response. If you want to add a brief comment, please feel free to use the blank space at the end.

## DEMOGRAPHICAL DATA:

1. A. Marital Status ☐ SINGLE ☐ DIVORCED OR WIDOWED  
☐ MARRIED ☐ OTHER (explain) \_\_\_\_\_
- B. My age is: ☐ Under 35 Spouse's Age ☐ Under 35  
☐ 36-45 ☐ 36-45  
☐ 46-55 ☐ 46-55  
☐ 56-65 ☐ 56-65  
☐ Over 65 ☐ Over 65
- C. The number of my/our dependents is: \_\_\_\_\_
- D. The age(s) of the dependent(s) is: \_\_\_\_\_
- E. My Highest Educational level is: Spouse's Highest Level:  
☐ Some High School or Less ☐ Some High School or Less  
☐ High School Graduate ☐ High School Graduate  
☐ Some College or Tech School ☐ Some College or Tech  
☐ Bachelor's Degree ☐ Bachelor's Degree  
☐ Master's Degree ☐ Master's Degree  
☐ Doctorate ☐ Doctorate
- F. My total household income from all sources is:  
☐ 0-\$14,999  
☐ \$15,000-19,999  
☐ \$20,000-24,999  
☐ \$25,000-34,999  
☐ \$35,000-49,999  
☐ \$50,000-74,999  
☐ \$75,000 or more
- G. My occupation is (general category, i.e. Professional, Manager, Clerical, Factory Worker, Retail Sales, etc.) \_\_\_\_\_  
 \_\_\_\_\_

H. Spouse's occupation is (general category) \_\_\_\_\_.

I. Living Quarters:

a. \_\_\_\_\_ Rent \_\_\_\_\_ Own or Buying  
 b. \_\_\_\_\_ House \_\_\_\_\_ Other (please specify) \_\_\_\_\_.

J. I/We participate in the following community activities: \_\_\_\_\_

MONEY MATTERS (PLEASE CIRCLE YOUR ANSWERS ON THIS PAGE)

2. Things I regularly use my own money for include (Circle all that apply):

Clothes	Lunches	Entertainment
Cosmetics	Gifts	Savings/Investments
Auto	Family Needs	Other Main Uses (explain)
Books/Magazines	Contributions	_____

3. Five things that influence me most in money matters are: (Circle five):

Spouse	Friends
Other Family Members	Magazines
People in News, Sports, Movies, Etc.	Teachers
Newspapers	Churches
TV	Other (explain) _____

4. I/We use a planned financial budget. YES NO

If no, go to question 5.

If yes: A. Personal budget YES NO

Family budget YES NO

B. I manage to live within my budget. YES NO

We manage to live within our budget. YES NO

5. I save some of my personal money. YES NO

We save some of our household money. YES NO

If both are no, go to question 6.

If either is yes, please answer A, B and C below.

A. From my personal money, I save: Regularly Sometimes Never

B. From household money, we save: Regularly Sometimes Never

C. I/We save at the following institutions (mark all that apply):

Bank	Credit Union
Savings & Loan	Other (explain) _____

6. I invest from my personal money. YES NO DON'T INVEST

We invest from the household money. YES NO DON'T INVEST

If both are no, go to question 7.

If either is yes, please answer A, B, C and D below.

A. From my personal money, I invest:

Regularly Sometimes Never

B. From household money, we invest:

Regularly Sometimes Never

C. I/We invest in the following (mark all that apply):

CDs	Mutual Funds	Real Estate (Home)
US Bonds	Stocks	Real Estate (Other than
Corporate Bonds		home)
Other (explain) _____		

D. I/We have an Individual Retirement Account (IRA) or Keough.

7. From personal money, I save/invest on a percentage of income basis:

YES NO DON'T SAVE OR INVEST

From household money, we save/invest on a percentage of income basis:

YES NO DON'T SAVE OR INVEST

If both are no, go to C below

If either is yes, please answer A and B below.

A. FROM MY OWN MONEY

5% or less

FROM HOUSEHOLD MONEY

5% or less

## 7. CONTINUED (Circle the correct category)

6% - 15%	6% - 15%
16% - 25%	16% - 25%
Over 25%	Over 25%

C. Please explain briefly your method of saving and/or investing if other than on a percentage of income basis. \_\_\_\_\_

## 8. Responsibility for savings/investment decisions is: MINE ALONE

SPOUSE ALONE      JOINT      DON'T INVEST      OTHER \_\_\_\_\_

A. If no, don't save/invest or not applicable, go to question 9.

If yes, please circle as many as apply.

Spouse                                      Investment Planner

Other Family Members      Counselor

Other (explain) \_\_\_\_\_

## 9. My (our) savings/investment goals include (name up to 3 specific items, i.e. vacation, home, retirement, etc. in each category.):

SHORT TERM GOALS  
( 3 yrs or less)

MEDIUM RANGE  
(4 - 5 yrs)

LONG TERM GOALS  
(over 5 years)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## 10. I chart or otherwise follow the progress of my invests.

YES

NO

NO INVESTMENTS

## 11. I am pleased with the results of my (our) savings/investment practices.

YES

NO

DON'T KNOW

NO INVESTMENT/SAVINGS

If no, please explain briefly what you consider the main reason for your dissatisfaction. \_\_\_\_\_

If yes, please check one box below.

\_\_\_\_\_ Very Pleased                      \_\_\_\_\_ Only Slightly Pleased  
 \_\_\_\_\_ Fairly Pleased                      \_\_\_\_\_ Other (explain) \_\_\_\_\_

12. Please explain briefly what improvements or changes, if any, you might like to make in your savings/investment practices. \_\_\_\_\_

---

13. Please answer the following questions by placing an "X" on the appropriate line.

	AGREE	DON'T KNOW	DISAGREE
A. Each family should save at least 10% of its income.	_____	_____	_____
B. Everyone should put at least some of his/her savings into stocks and corporate bonds.	_____	_____	_____
C. With government social programs (Social Security, etc.) people do not need any long-range investment/savings programs.	_____	_____	_____
D. Saving and investing money is only possible if you are rich.	_____	_____	_____
E. For most, financial security depends largely on long term savings and investment programs.	_____	_____	_____
F. Inflation reduces the value of cash savings because each year money becomes worth less in terms of what a dollar bill will buy.	_____	_____	_____
G. I think my household income is adequate to meet my/our needs and reasonable wants.	_____	_____	_____

- H. Often, the only way people can get things they need is by the use of credit. \_\_\_\_\_
- I. Credit is sometimes used because it is the easiest way to pay for goods and services. \_\_\_\_\_
- J. Buying on installment credit usually leads to financial disaster. \_\_\_\_\_
- K. Paying your bills on time is the only responsibility you have to think about when using credit. \_\_\_\_\_
- L. An established good credit rating is as good as money in the bank. \_\_\_\_\_
- M. Credit should be used only as a last resort when buying goods and services and in meeting needs. \_\_\_\_\_

14. I use the following number of credit cards regularly.

0            1 or 2            3 or 4            5 or more

15. I pay each credit card in full each month.

YES            NO            DOESN'T APPLY

If yes, go to question 16.

If no, are any of your credit cards at their maximum limit?

YES            NO

16. Please place an "X" on the appropriate line below.

- |   | YES   | NO    | SOMETIMES |
|---|-------|-------|-----------|
| A. Before shopping, do you plan purchases?                    | _____ | _____ | _____     |
| B. Do you find out how much you will pay before using credit? | _____ | _____ | _____     |

C. Do you wait to buy until sales  
prices are in effect whenever  
possible?

\_\_\_\_\_

THANK YOU FOR COMPLETING THIS SURVEY. Results of the study will be available around January 1, 1986. If you would like to see the study, several copies will be available for review during the January and/or February meetings.

VITA

Anne Rodgers

Candidate for the Degree of

Master of Science

Creative Component: THE SAVINGS AND INVESTMENT PRACTICES OF OKLAHOMA  
CITY AREA BUSINESS WOMEN

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