

Gender Differentiation on Investment Behavior

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Abstract:

In Indian scenario women hold a vital significance by performing varied roles in the society. They act as a catalyst for the strengthening of family, society and nation at large. Though woman earns on her part but is rarely consulted for the decision to be made for investments. If given opportunity and empowerment do women come up with their decisions regarding investments? In Indian tradition, men have right to take decisions regarding their money: where to invest and when to invest? But in today's transforming culture women are also making bigger share of decisions regarding their money: whether to invest money in risky assets or in less risky assets. Previous studies emphasized that women were more risk averse than men and cautiously invested in different avenues. Women prefer to take more time in analyzing and taking decisions regarding investment than men. The purpose of the present study is to identify the differences in investment behavior between male and female investors and also explore the factors causing such differences.

Keywords: Gender Differences, Women, Investment Preferences, Empowerment

Introduction:

Women are always considered a vital part of any society. In ancient India Women were considered as the goddess but it is also a fact that they were never treated as the goddess. Women play variety of significant roles in our society from their birth till death. They are nurturers, care taker and provide the elements of balance in our lives. It is rightly said that where

there is no respect for women, the society is devastated. Even after playing all the roles and the entire job timely in efficient manner in the modern society, she is weak because men are still strongest gender of the society, and life of women is more valuable than man. By performing variety of roles, she has to take care of herself and family members too. By following all the responsibilities in the family they are fully able to come out and do job for their own bright future, families and country. Women are treated differently than men in terms of rights and dues in many societies even in so called modern world. Women are being professional, bread- earners for their families and independently thinking individuals of the country even after only being responsible for many responsibilities of life. But when it comes to investing the money, Indian society never gives freedom to women to independently invest their money. Indian women always seek to take advice and permission of men who may be their husbands, brothers, fathers, relatives and financial advisors. According to Share Builder Women & Investing Survey (2006) male investors were more confident as compared to women as females are more realistic and risk averse. While women are more realistic individual and more concerned about saving for the future, Male investors are a little more self-assured but not always with good reason. Now a day, investing money in right place at the right time becomes a great matter of concern for every individual. People want that their savings should be their future earnings. Every person has his own behavior regarding his investment. But question of concern is: does every individual carry the same opinion while investing his money? Is there any gender biasness when taking investment decisions? Both men and women expect same from their investment? Both the genders have same risk capacity but men are more risky than women? The present study is mainly focused on gender differentiation in investment decisions. In the present study researcher has tried to find out the answers to these questions and also tried to find the reasons if there will be any biasness of men towards women.

Review of Literature:

The review plays a critical role in analyzing the existing literature and provides information and results from those researchers who have done the similar studies. The present review of literature will help to find out the relationship of gender and investment behavior and also provide the detailed review of gender differences in investment decisions.

Steinerock (1991) conducted a survey and found that women had a lower risk preference and a higher degree of anxiety in financial decisions than men, plus a stronger desire to use financial advisors. Women seek less risk than men in financial matters. **Zuckerman and Kuhlman (2000)** found in their study that men engage in more overall risky behavior than women. Many researchers (**Estes and Hosseini (1998)**, **Stinerock (1991)**, **Masters (1989)**, **Powell and Ansic (1997)**) supporting the idea that women have a lower level of confidence than men in their ability to make decisions and also in the outcome of the decisions that they have made.

Chen and Volpe (1998) conducted a survey on financial literacy and demographic factors and concluded that women, under the age of 30 and with a little work experience have low level of financial literacy. **Lusardi and Mitchell (2010)** provided evidences that women were less financially literate than men. Moreover they stated that cognitive ability and education could improve the literacy level. But in 2012 **Ludlum et al. conducted** a study and revealed that financial literacy of the individuals did not vary according to gender. Moreover they stated that marital status makes a difference in financial literacy.

Kesavan and others (2012) conducted a study with an objective of getting more knowledge about the investment behavior of the individuals on the basis of their demographic factors. They used age, gender, income, educational qualification, place and occupational pattern as demographic variables and study the impact of these on individual investment behavior. They concluded that these demographic factors did not influence the investment pattern of investors.

Bayyurt and others (2013) carried out an empirical study aimed establishing the investment behaviors of women and men and found that in Turkey, while men investors prefer common stocks and real estate to invest in women investors are more risk averse and invest in funds, time deposit and gold. They however did not find any gender differences in the preference of foreign currency investments.

A study was conducted by **Dusseja (2016)** on hundred married working women in three small cities of Mumbai suburbs in India and revealed that majority of the women (around 75%) have their personal investment but they are dependent on their husband or in-laws. Around 49% women seek the advice of their husband while taking investment decision whereas rest 51% women consult their friends/colleagues and siblings for the same.

According to a survey conducted by **Accenture.com (2017)**, the prime wealth objective of the women is safety and security of money for future goals, especially for retirement purpose. The study also concluded that as long term-investors women shows their more conservative behavior as compare to men. Many researchers (**Venter and Kruger, 2017**), (**Agnew, 2005**), (**Kansal and Zaidi, 2015**) supported this study and revealed that women have less risk taking capacity and they prefer more secure financial environment as compare to men.

Sharma et al. (2019) conducted a survey to study The Role of Working Women in Investment Decision Making in the Family in India. For this purpose, they collected the total sample of 84 women working women between 18 to 65 years of age from Delhi NCR region in India through Purposive sampling method. The study revealed that women prefer male advisors instead of female advisor as they think that female advisor will not understand their needs and priorities in a better way. They also concluded that the lack of knowledge and confidence restricted the women from investing their money followed by their risk averse behavior. Further the study revealed that safety asset like bank deposit, fixed deposit, gold, public provident fund etc were the most popular investment products for the women.

Objectives and Hypotheses:

- To determine the differences in investment behavior of male and female investors.
- To study the investment pattern of both the gender.

Hypotheses:

H₀1: There will not be significant difference between Male and Female investors in terms of Investment Awareness.

H₀2: There is no significant difference between Male and Female investors in terms of Perceived Risk Attitude.

H₀3: There will not be significant difference between Male and Female investors in terms of Perceived Payback.

H₀4: There will not be significant difference between Male and Female investors in terms of Investment Performance.

H₀₅: There will not be significant difference between Male and Female investors in terms of Investors Optimism.

Research Methodology:

Research Design: Comparative research design is used in the present study.

Sampling Method: Sampling method is a process that is adopted by a researcher in choosing sample from the population. For the present study the total 200 sample were selected through accidental sampling technique.

Data Collection:

Data collection is a process of identifying subjects and gathering data from these subjects (Burns and Grove, 1997). Both primary and secondary data were collected for the present research. Primary data were collected through the Questionnaire. Secondary data were collected through the journals, books and internet. The data collection period was from 23rd January 2020 to 25th April 2020.

Data Analysis:

Data was analyzed with the help of SPSS software. Appropriate statistical tools were used to analyze the data. For Descriptive analysis Frequency, Mean Standard deviation and Cross-tabs and for inferential analysis t-test has been applied.

Data Analysis and Results:

Descriptive Statistics

Table 1.1

Type of Investors	Female		Male	
	Frequency	Percentage	Frequency	Percentage
Short- Term	31	31%	28	28%
Long-Term	36	36%	40	40%
Both	33	33%	32	32%

Total	100		100	
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Table 1.1 shows the type of investors which reveals that majority of the male and female (36% and 40% respectively) respondents are long term investor.

Table-1.2

Time spent for investment activities	Female		Male	
	Frequency	Percentage	Frequency	Percentage
As little time as possible	32	32%	33	33%
2-5 hrs/year	08	08%	13	13%
2-5 hrs/month	23	23%	19	19%
2-5 hrs/week	19	19%	17	17%
Most of my spare times	18	18%	18	18%
Total	100		100	

Table-1.2 shows the Time spent for Investment activities of Male and Female investors and reveals that majority of Female investors (32%) and Male investors (33%) spend very little time for investment activities. Only 18% investors from both the gender spent most of their time for investment activities.

Table-1.3

Frequency to Monitor Investment	Female		Male	
	Frequency	Percentage	Frequency	Percentage
Daily	17	17%	22	22%
Weekly	27	27%	24	24%
Monthly	30	30%	24	24%
Quarterly	9	9%	13	13%
Bi-Annually	5	5%	09	09%
Annually	12	12%	08	08%

Total	100		100	
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Table-1.3 Shows the frequency to monitor the investment of male and female respondents which reveals that majority of the Female and Male respondents (30% and 24% respectively) monitor their investment on monthly basis. However, small number (5%) of Female Respondents and 9 % Male respondents monitor their investment bi-annually and annually basis respectively.

Table-1.4

Annual Investment	Female		Male	
	Frequency	Percentage	Frequency	Percentage
less than 25,000	12	12%	16	16%
25,000-50,000	23	23%	26	26%
50,000-1,00,000	48	48%	38	38%
1,00,000-1,50,000	16	16%	14	14%
1,50,000-2,00,000	1	1%	1	1%
Above 2,00,000	0	0%	5	5%
Total	100		100	

Table-1.4 shows the Annual investment of Male and Female investors and reveals that most of the Male and Female investors invest 50,000-1,00,000 annually. Results also shows that 1% of Female investors and 5% of Male investors invest 1,50,000-2,00,000 and Above 2,00,000 respectively.

Table: 1.5

Risk taking capacity	Female		Male	
	Frequency	Percentage	Frequency	Percentage

Less than 10%	43	43%	30	30%
Less than 25%	20	20%	15	15%
Less than 50%	30	39%	35	35%
More than 50%	7	7%	20	20%
Total	100		100	

Table-1.5 shows the Risk Taking Capacity of Male and Female Investors and reveals that majority of Female investors (43%) and Male investors (35%) can bear less than 10% and less than 50% risk respectively. Table also shows that only 7% of Female investors and 20% Male investors can take more than 50% risk.

Hypotheses testing:

H₀1: There will not be significant difference between Male and Female investors in terms of Investment Awareness.

Table 2.1

Variable	Gender	N	Mean	Std. Deviation	t-value	p-value
Investment Awareness	Male	100	1.586	4.952	1.586	.114
	Female	100	1.586	4.952		

Table 2.1 reveals/shows that $t= 1.586$ and $p=.114$ which is more than .05 so we fail to reject the null hypothesis and conclude that there is no significant difference between Male and Female investors in terms of Investment Awareness. Both have same awareness about investment.

H₀2: There will not be significant difference between Male and Female investors in terms of Perceived Risk Attitude.

Table 2.2

Variable		N	Mean	Std.	t-value	p-value
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				Deviation		
Perceived_Risk_Attitude	Male	100	-.285	5.113	-.285	.776
	Female	100	-.285	5.113		

Table 2.2 shows that $t = -.285$ and $p = .776$ which is more than $.05$ so we fail to reject the null hypothesis and conclude that there is no significant difference between Male and Female investors in terms of Perceived Risk Attitude.

H₃: There will not be significant difference between Male and Female investors in terms of Perceived Payback.

Table-2.3

Variable		N	Mean	Std. Deviation	t-value	p-value
Perceived_Payback	Male	100	1.98	3.461	2.579	.011*
	Female	100	181.037	3.461		

Table 2.3 shows that $t = 2.579$ and $p = .011$ which is less than $.05$ so we reject the null hypothesis and conclude that there is a significant difference between Male and Female investors in terms of Perceived Payback.

H₄: There will not be significant difference between Male and Female investors in terms of Investment Performance.

Table-2.4

Variable		N	Mean	Std. Deviation	t-value	p-value
Investment_performance	Male	100	1.98	5.904	3.976	.000*
	Female	100	168.94	5.904		

Table 2.4 shows that $t = 3.976$ and $p = .000$ which is less than $.05$ so we reject the null hypothesis and conclude that there is a significant difference between Male and Female investors in terms of Investment Performance.

H₀5: There will not be significant difference between Male and Female investors in terms of Investors Optimism.

Table 2.5

Variable		N	Mean	Std. Deviation	t-value	p-value
Investors Optimism	Male	100	1.98	4.279	1.656	.099
	Female	100	1.98	4.279		

Table 2.5 shows that $t = 1.656$ and $p = .099$ which is more than $.05$ so we fail to reject the null hypothesis and conclude that there is no significant difference between Male and Female investors in terms of Investors Optimism.

Findings and Discussions:

The present study reveals that the majority of both the gender are long term investors. Results of the study also indicates that majority of Female investors (32%) and Male investors (33%) spent as little time as possible for investment activities and only 18% investors from both the gender spent most of their time for investment activities. The present study also shows that majority of the Female and Male investors (30% and 24% respectively) monitor their investment on monthly basis. However, small number (5%) of Female investors and 9 % Male investors monitor their investment bi-annually and annually basis respectively. It also reveals that majority of both the gender annually invest same amount 50,000-1,00,00. On the other hand 1% of Female investors and 5% of Male investors invest 1,50,000-2,00,000 and Above 2,00,000 respectively. This study shows that 43% Female investors and 35% Male investors can bear less than 10% and less than 50% risk respectively. Table also shows that only 7% of Female investors and 20% Male investors can take more than 50% risk. Many of the previous studies conclude that Male and Female both have equal Investment Awareness and have same

Perceived Risk Attitude. But they have different attitudes towards Payback period of Investment and Investment Performance. But both male and female expect the same thing from their investment. They always show their optimistic behavior for their investment.

Limitations of the study:

The sample used for the present study may not be justifiable to generalize the findings to all the Male and Female investors of the whole community. The present study was conducted only on those individual investors who are living in Delhi NCR.

Conclusion:

In ancient India Women were considered as the goddesses but reality is that they were never treated as the goddess. Indian women play variety of roles in their lives but when they come as independent investors, we Indians force them to be dependent on the men to take advice from them before investing as Indian society is still patriarchal society. Women are never accepted as independent and efficient investors by the men. The present study revealed that male and female both have equal Investment Awareness and have same Perceived Risk Attitude. Further they expect same return from their investment. But they have different attitudes towards Payback period of Investment and Investment Performance as they always have their optimistic behavior for their investment.

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