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“A STUDY ON GENDER DIFFERENCE IN INVESTMENT BEHAVIOR”

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ABSTRACT: -

Savings and Investment is another area where the incorporation of gender difference in Behavior may be important. Investment is the employment of funds on asset with the aim of earning income or capital appreciation by considering two attributes risk and return. The



present study emphasizes on factors that influence investment behavior of men and women and also to perceive is there difference in their investment objective, the level of risk taking capacity among the investors usually differ but in the current study we are evaluating whether gender also has the impact on measuring the

Risk aversion capabilities between the investors. The motive of the study is to determine if gender can really affect the financial decisions and also to identify the patterns of investment involvement and learning preferences.

KEYWORDS: Risk, Return, Risk aversion.

INTRODUCTION :

Today when Indian women have moved-way beyond their traditional arena-a shift from managing households to managing multi-national companies and even governments sector, it has become critical for women to take -on the task of managing their financials as well. In India, this task is usually undertaken by the male members of the family as women tend to undermine their ability to manage their own finances. The influence of gender-based differences in behavior on domestic saving is substantial, reflecting the linkage between saving, investment and economic growth. To the extent that preferences toward risk have a significant gender component, gender would influence savings and investment behavior yet another channel. The study focuses on to know the risk aversion capability between men and women. The Data is collected from men and women of various age groups, educational background, occupation, income range and information about their investment decision.

REVIEW OF LITERATURE:

Rama Krishna Reddy (2005), found that most of the Indian investors are influenced by their family members while taking decisions on investments and also the main reason behind their investment is for safety purpose i.e., Insurance policy. Most commonly used areas for their investment is in Bank deposits and securities. Working women in India were contributing one fifth of their earnings as savings. Jawaharlal (1995), due to the impact of information technology, the investor can able to get timely information i.e., right quantity of accurate

data at the right time for making sound investment decision which is motivating them and improving the confidence levels themselves. Financial Literacy is not uniform; it is different with different group of investors, most of the investors are saving money to meet their future expenses in the areas like children education, marriage and other welfare expenses. Alagu Pandia et., al (2013), investors most preferred areas for investment is in bank deposits and followed by gold investments. B.B.S Parihar et., al (2012), salaried employees prefer to invest in the areas which provides return, safety, liquidity, convenience and affordability and even for tax benefits but when it comes to potential investors, they prefer to invest in shares and expects to earn the returns in the form of dividends, capital appreciation in the share price etc., Ugo Rigoni et., al (2012), examined is it important that investors should have financial education before going for investments and it is concluded that it is very important in many ways like in designing their diversified portfolios, financial literacy has very high positive correlation with risk level of individual investors. They also suggested that to motivate large group of investors to come forward for investment, the government has to take initiation and start conducting financial educational programs for providing proper awareness to the individuals for investments, this has very high impact on the growth of Indian economy. Jasmin Y. (2011), Demographic factors like wealth and age has very high impact on investment preference for selection based on risk taking capability, proper financial education is important for investing on securities like bonds, debentures, stocks etc.,

RESEARCH METHODOLOGY

Statement of the problem

- Is there any gender difference in financial decision making?
- Does a woman have lack of confidence in investing?

NEED FOR THE STUDY

The Study on gender difference in investment behavior enables to know the physiological behavior between the genders towards the investment. The result of the study and the concept of transformative pedagogy to propose a new approach to investment education.

OBJECTIVE OF THE STUDY

- To know the behavior of men and women with respect to different investment avenues.
- To study the risk taking capabilities between the genders.

SCOPE OF THE STUDY

The scope of the study is confined to convenient sampling consisting of 50 samples, the study is done in order to identify patterns of investment involvement and learning preferences.

2.5 Limitation Of The Study

- The study is confined to small sample of 50
- The study is for a limited period say one month
- The study takes into considerations only working population.

2.6 Type of research

The study is based on analytical research.

2.6 Type of data

Primary Data: It is nothing but first hand information, which is collected for the first time by the researcher.

Secondary Data: The name itself specifies that the data is already available and collected by someone else and we are using it for the analysis.

The secondary data has been collected through various journals, company websites & reports. Secondary data is based on information gleaned from studies previously performed by various journals. The

Primary data is collected through the questionnaire

Sample used in the study -

The data is collected from various age groups, educational background, occupation, income range, in order to bring in common conclusion.

Research Type: Quantitative Research

Research Design: Conclusive Research

Sampling Technique: Non Probability Sampling - Convenience Sampling

Sample Size: 50 respondents

Tools for Data Collection: Questionnaire

DATA ANALYSIS AND INTERPRETATION

Two Sample T-test:

An independent sample T-test was used to test the differences between means for each of investment behaviour between male and female respondents. Some of the data is transformed used Log Transformation due to Non-Normality. In this approach:

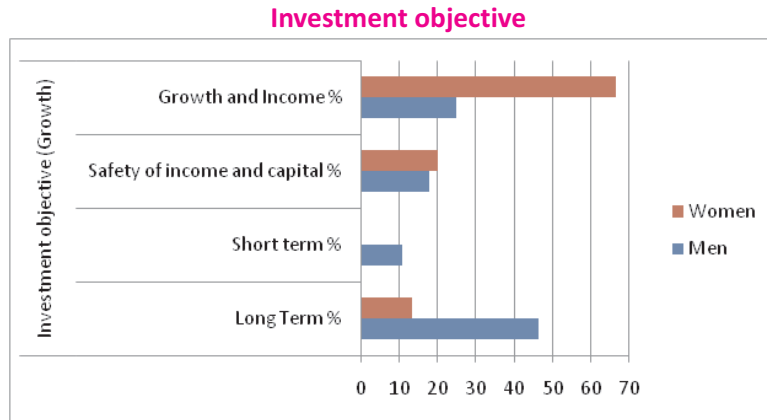
Null hypothesis: There is no significant difference in the means between the groups that is between male and female with respect to their investment behaviour.

Alternative Hypothesis: There is a significant difference in the means between the groups that is between male and female with respect to their investment behaviour.

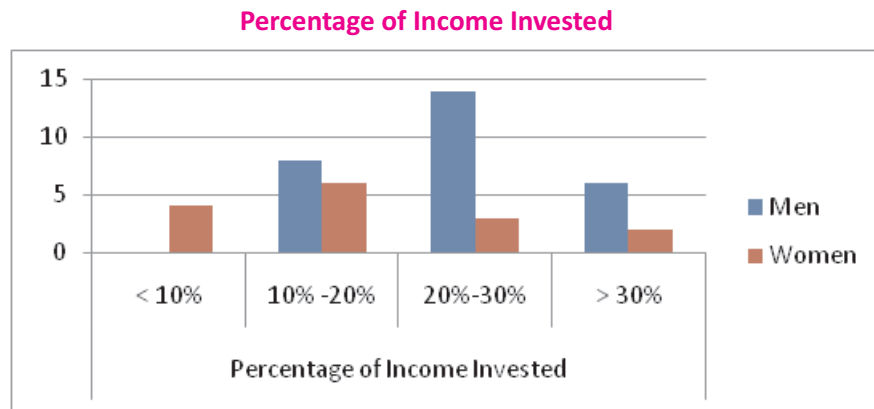
The Null Hypothesis will be rejected only when the significance value is less than 0.5. The Mean, Standard Deviation, Standard Error, T-Stat and the Significance values were calculated and were shown in the table below.

	Levene's Test for Equality of Variances		t	Sig. (2-tailed)
	F	Sig.		
Investment Objective _Log	9.181	.004	-2.872	.006
Percentage of Income Invested	2.697	.108	2.743	.009
Reasons for Investment _Log	.188	.667	2.257	.029
Investment Advice _ Log	.104	.749	2.254	.030
Risk Taking Capabilities _ Log	.002	.968	-2.146	.038
Period of Investment _ Log	.729	.398	2.050	.047
Sector Preference	.101	.752	-1.886	.066
Factors considered for Investing	.041	.841	-1.856	.071
Factors Considered for Investing _ Log	1.011	.321	-1.761	.086
Investment Experience	.001	.982	1.385	.173
Investment Growth Preferred _ Log	3.719	.061	-.528	.601
Performance Review _ Log	5.549	.023	.468	.642
Savings Objective _Log	.927	.341	.345	.732
Savings Objective	.090	.765	.283	.779
Awareness Behind Savings _Log	.129	.722	.181	.857
Performance Review	4.832	.034	.070	.944

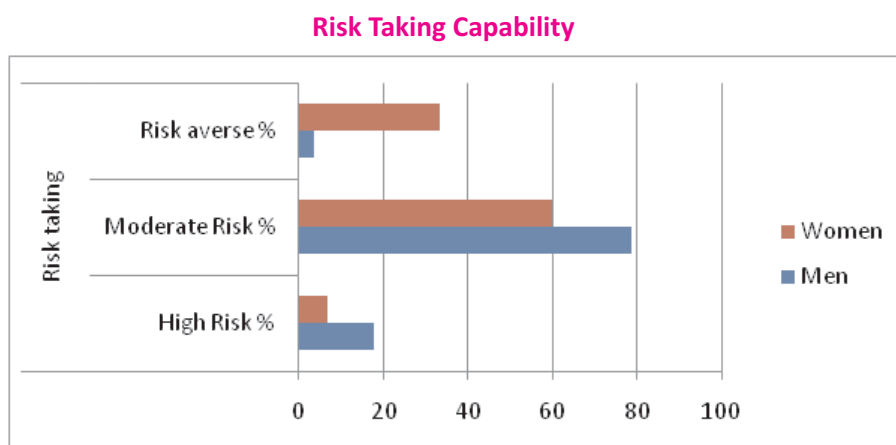
From the above table it is evident that there is some significant differences between the groups in the means of their investment behaviour such as Investment Objective, Percentage of Income Invested, Risk Taking Capabilities, Reasons for Investment, Investment Advices and also Period of their Investments



From the above graph, men has a long term investment objective where as women invests with an intent of growth of their capital as well as to earn regular income. A man has a better understanding that long term investment creates more wealth.

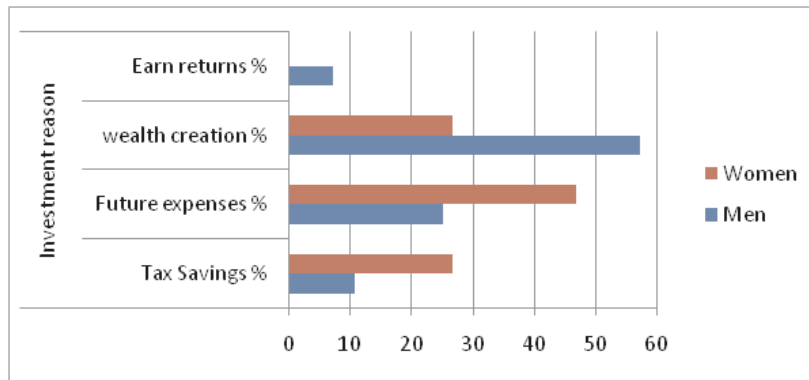


From the above graph it is evident that majority of the men is investing nearly 20to30% of their Income but women were giving preference of only max 20% of their income of the investments. It is also evident that men have long term perspective compared to women that is why they are giving importance to the investments.



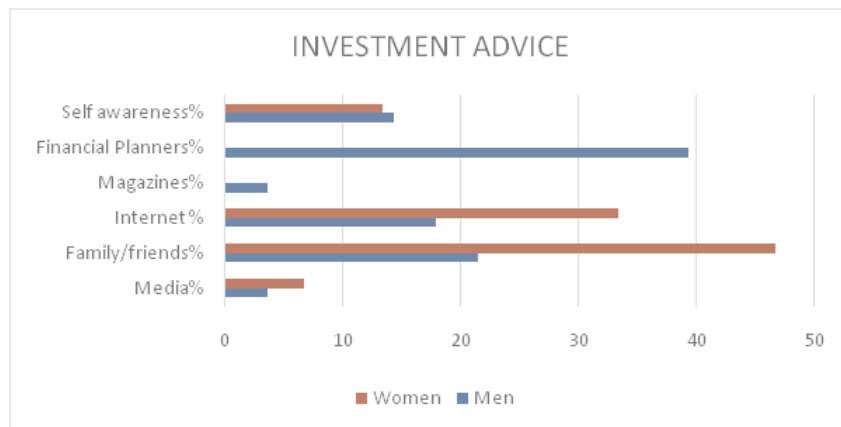
From the study it is showed that neither men nor women are ready to assume high risk, but men have the highest percentage to assume high risk. The return has a close relation to the risk that is assumed by the investor hence in this case 33.33%of women are risk averse. Majority of both the categories assume moderate risk

Reason for Investment



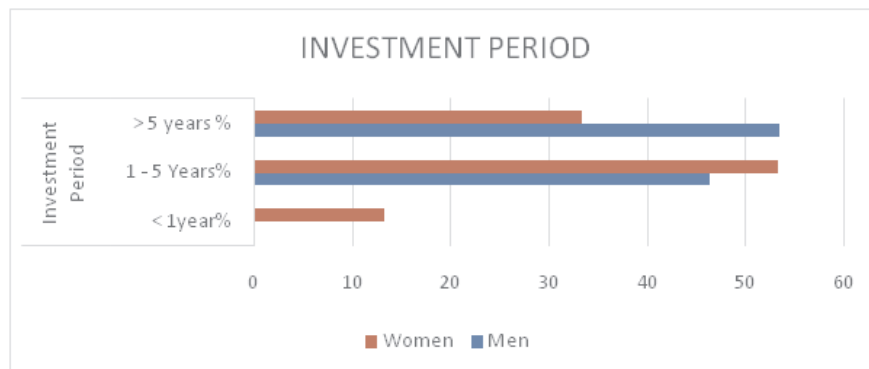
46.66% of Women invest to save money for their future expense such as retirement, medical expense, child marriage so on whereas majority of the men invest their savings for wealth creation, future expense is the secondary reason for investment.

Investment Advice



Most of the investors in men are organized such that they make their investments through financial advisors rather than family or friends advice like women do.

Investment Period



Men prefer long term investments that are more than 5years, unlike women who prefer investing their investments for medium term such that for less than 5 years and even in short terms.

Chi-Square Test:

Null Hypothesis: There is no association/relationship between gender and behaviour of investment pattern (both are statistically independent of each other)

Alternative Hypothesis: There is no association/relationship between gender and behaviour of investment pattern. They are statistically dependent.

Chi-Square Tests Percentage of Savings			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.548 ^a	1	0.459
Chi-Square Tests – Awareness Behind Savings			
Pearson Chi-Square	.069 ^a	2	0.966
Chi-Square Tests : Savings Objective			
Pearson Chi-Square	10.042 ^a	5	0.074
Chi-Square Tests : Reasons For Investment			
Pearson Chi-Square	5.957 ^a	3	0.114
Chi-Square Tests : Investment Objective			
Pearson Chi-Square	8.987 ^a	3	0.029
Chi-Square Tests : Risk Taking Capability			
Pearson Chi-Square	7.544 ^a	2	0.023
Chi-Square Tests : Investment Growth Preferred			
Pearson Chi-Square	3.044 ^a	2	0.218
Chi-Square Tests : Factors Considered For Investing			
Pearson Chi-Square	4.159 ^a	3	0.245
Chi-Square Tests : Performance Review			
Pearson Chi-Square	5.194 ^a	3	0.158
Chi-Square Tests : Period of Investment			
Pearson Chi-Square	4.689 ^a	2	0.096
Chi-Square Tests – Investment Advice			
Pearson Chi-Square	9.700 ^a	5	0.084
Chi-Square Tests : Investment Experience			
Pearson Chi-Square	2.594 ^a	3	0.459
Chi-Square Tests : Sector Preference			
Pearson Chi-Square	9.689 ^a	3	0.021
Chi-Square Tests : Percentage of Income Invested			
Pearson Chi-Square	10.426 ^a	3	0.015

From the above table it is evident that there is no association between the gender and the investment behaviour factors such as percentage of savings, awareness behind savings, savings objective, reasons for investment, investment growth preferred, factors considered for investment, performance reviews, period of investment, investment advice, investment experience because the value of significance for these factors are greater than 0.05, so we are accepting null hypothesis; but for the other factors like Investment Objectives, Risk Taking Capability, Sector Preference and Percentage of Income Invested has a strong association ship or the relationship with respect to the gender.

CONCLUSION:

This research presented a detailed analysis on the selection factors in Investment criteria considered by the male and female respondents in Bangalore. The sample taken might not be a true representative of entire Bangalore or India. There is a scope to conduct more research in different cities and be researched. It is clearly evident when it comes to invest men prefer to go for long term investments compared to women and they are

keen on stable investment rather than sudden growth. When men are investing the money they will not invest just like that, they will take advises from people who are experts in this area and then take the decision whether to invest or not, we can say that they are systematic planners. Most of the Men were investing only for wealth creation but when it comes to women they are investing only to meet their future expenses. Most of the Women have agreed their invest is mainly for children education, meeting future expenses but for Men it is for buying the house and for marriages etc.,

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