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Investment Behaviour and Gender Differences

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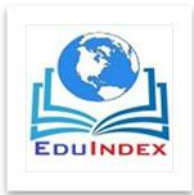
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Abstract

When we speak about the investment investor will get the many investment avenues. The role played by the gender is also very much important while making the investment and especially in which the investor may invest in the different avenues. There are many products available for the investor to invest in like mutual funds, shares, life and non – life insurance schemes, retirement plans, gold, jewellery, etc. The objective of the paper was to analyse the investor behavior based on the gender and to analyse the various investment instruments available for investment based on gender differences. The researcher has collected the questionnaires from 236 and to prove the hypothesis Chi Square test is used. The researcher has concluded the research as the male invest in the financial products which carries more amount of risk as a result they will be able to generate more amount of return and in case of females its vice versa.

Keywords: Savings, investment, risk, return, investor, avenues, etc.



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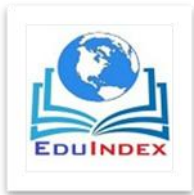
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INTRODUCTION

It's always known as India has developed economy after the 1990s. As a result its having a positive impact on the individuals income and as a result the standard of living of people has been increased. When we speak about the investment investor will get the many investment avenues. The role played by the gender is also very much important while making the investment and especially in which the investor may invest in the different avenues. There are many products available for the investor to invest in like mutual funds, shares, life and non – life insurance schemes, retirement plans, gold, jewellery, etc.

Most of the investor will study the market as per their knowledge level and as per the investment options available to them. Investors will always behave in the different manner while investing because each and every individual will invest in the securities they will always consider the amount of risk they are ready to take. It's a known fact that when ever individual investor is looking for more amount of return they need to take the high amount of risk and in case of moderate return they need to take the moderate risk and in case of minimum return they have to bear the minimum amount of risk. In many of the research it's found that Man have better knowledge in comparison of women.

Women are always more conservative in nature as a result they always want the Principal amount to be safe so they do not take high amount of risk. Therefore financial institutions have to think about the financial products for individuals based on the gender. Women should be provided with the investment opportunities products where they can invest and get the better amount of return with moderate amount of risk. As we don't have such kind of financial



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investment opportunity for women this paper has been prepared for an attempt to analyse the differences based on gender in investment behavior among the employees.

REVIEW OF LITERATURE

There are demographics factors which influence the investment decision of an individual such as gender, age, marital status, income level, profession, financial knowledge and education. So many researches have been taken place in national and international level on this regard.

Gupta et al. (2001), he has studied about the Household Indian investor's choices, future intentions and based on their experiences bonds are the best investment opportunity for the retired individuals but at the same time young people do not consider the bonds as a best option for investing. Now a day's mutual fund is having a better control over the other investment options available for the individuals.

Terrence Hallahan et al (2003), he has studied the database of psychometrically derived financial risk and also the demographic information's which are associated with it. He has found in his research that most of the people take the risk based on the RTS. He also expressed that RTS is purely significant with the age, gender, marital status, dependants, wealth and income.

James Felton et al (2003), as per his study it's found that most of the female are not ready to take more amount of financial risk whereas in case of male they are ready to take the financial risk. This analysis has been done on the students and results have been found. The study suggested that male students take more amount of financial risk in comparison of female students in the terms of risky securities. Even the portfolios created by male are more risky than portfolio created by female is less risky in nature.



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Ali Ibrahim et al (2008), as per his research paper it is found that both men and women have the different strategy while investment in different products. Men will always try to choose the investment option which will yield the high amount of return as a result they will be taking high amount of risk but in case of women its vice versa.

Gupta and Jain (2008), the researcher has conducted the research on 1463 respondents and found many interesting facts like financial assets like investment in shares, indirect investment through mutual funds and bank fixed deposits are the major investment areas. The investment decision is purely depending up on the age and income level of the individual and their behavior. Most of the investors are not aware about the market regulations related to the investment portfolio which individuals make.

Verma (2008), studied that mutual fund is the best choice for the individuals based on demographics and based on the personality of the individuals. It's found that among professionals, self employed and the students Mutual fund is the best option for them to select as a investment option as per the response of the respondents. It's also found that higher level of education makes the people understand and take the right decision about the investment complexities. The investor who are post graduate are understanding the market and able to invest and create a better portfolio in comparison of the graduate students. Students like to invest more amounts of funds in Mutual funds.

Nagpal and Bodla (2009), as per the study it's found that lifestyle of the respondents also influence the investment preferences. The researcher has concluded that risk taking capacity of investors is depending on the investor's lifestyle. These kinds of investors prefers to have a



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securities which carries less amount of risk and high amount of liquidity like PPF, NSC, Post savings account, etc.

Davar and Gill (2009) investigated the underlying dimensions in the selection of different investment avenues for the households. The results of the study revealed emphasis on familiarity, satisfaction, opinion and demographic dimensions for all investment avenues.

Chitra and Sreedevi (2011) analyzed the influence of seven personality traits—emotional stability, extraversion, risk, return, agreeability, conscientiousness and reasoning—on the choice of the investment pattern. Their results indicate that personality traits of investors affect their method of investing.

From the review of literature it's identified that there is a differences among the investment options selecting by the gender. This study will try to find the factors which take place while doing the investment.

OBJECTIVES OF THE RESERACH

- To analyse the investor behavior based on the gender.
- To analyse the various investment instruments available for investment based on gender differences.

STATEMENT OF THE PROBLEM

Based on the review of literature it's found that most of the individual will do the investment based on the gender. In this paper the researcher will try to find the reasons for the same. Even the factors will be analyzed in this paper.



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HYPOTHESIS

H₀: There is no association between the investment behaviour and gender differences.

H₁: There is a association between the investment behaviour and gender differences.

RESEARCH METHODOLOGY

Type of research	Descriptive
Type of data collected	Primary information
Respondents	Most of the respondents are from South
Sampling technique	Cluster sampling have been used
Questionnaires	Totally 460 people have been selected for the research but only 258 actual forms have been received and in that few have been rejected due to incomplete information as a result finally only 236 respondents have been considered for the research.
Tools	Mathematical and statistical tools have been applied for the analysis of data like percentile and Chi – Square test has been used for hypothesis.
Level of significance	95% level of significance has been used while calculating the Chi – Square test value.

DATA ANALYSIS



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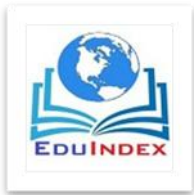
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TABLE 1: TABLE SHOWS DEMOGRAPHIC VARIABLES

VARIABLE		FREQUENCY	PERCENTAGE
GENDER	MALES	130	55
	FEMALES	106	45
AGE (IN YEARS)	25 – 30	52	22
	31 – 40	80	34
	41 – 50	48	20
	51 AND ABOVE	56	24
ANNUAL INCOME	UP TO Rs. 2,00,000	8	3
	2,00,000 – 5,00,000	52	22
	5,00,000 – 10,00,000	128	54
	10,00,000 – 15,00,000	24	10
	15,00,000 AND ABOVE	24	11
MARITAL STATUS	SINGLE	48	20
	MARRIED	188	80
NATURE OF EMPLOYMENT	GOVERNMENT	74	31
	PRIVATE	162	69

**TABLE 2: TABLE SHOWS CROSS TABULATION AND CHI SQUARE VALUES FOR
INVESTMENT PREFERENCES FOR VARIOUS INVESTMENT AVENUES AS PER
GENDER**



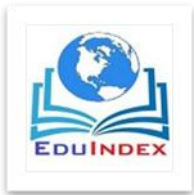
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INVESTMENT INSTRUMENTS		GENDER		TOTAL
		MALE	FEMALE	
MUTUAL FUNDS	INVEST	78 (60.0)	54 (50.9)	132 (55.9)
	DO NOT INVEST	52 (40.0)	52 (49.1)	104 (44.1)
Chi – square Value: 0.972; df= 1; Non Significant				
HEALTH INSURANCE	INVEST	70 (53.8)	30 (28.3)	100 (42.4)
	DO NOT INVEST	60 (46.2)	76 (71.7)	136 (57.6)
Chi – square Value: 7.802; df= 1; Non Significant				
LIFE INSURANCE	INVEST	104 (80)	78 (73.6)	182 (77.1)
	DO NOT INVEST	26 (20)	28 (26.4)	54 (22.9)
Chi – square Value: 0.681; df= 1; Non Significant				
RECURRING DEPOSITS	INVEST	64 (49.2)	46 (43.4)	110 (46.6)
	DO NOT INVEST	66 (50.8)	30 (56.6)	126 (53.4)
Chi – square Value: 0.399; df= 1; Non Significant				
FIXED DEPOSITS	INVEST	70 (53.8)	82 (77.4)	152 (64.4)
	DO NOT INVEST	60 (46.2)	24 (22.6)	84 (35.6)
Chi – square Value: 7.040; df= 1; Non Significant				
MARKET INVESTMENTS	INVEST	60 (46.2)	22 (20.8)	82 (34.7)
	DO NOT INVEST	70 (53.8)	84 (79.2)	154 (65.3)
Chi – square Value: 8.307; df= 1; Non Significant				

INTERPRETATION



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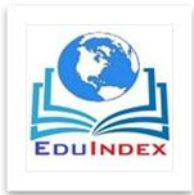
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Respondents were asked whether they are satisfied with their investments made in different investment avenues. From the analysis of the results (table 3) it was found that 50% males and 80% females are satisfied with their investment made in mutual funds. Thus females are more satisfied than males as far as investment in mutual funds is concerned. 33.3% and 96.1% males, 30.8% and 100% females are satisfied with their investment made in health insurance and life insurance respectively. Thus satisfaction level regarding investment made in health insurance is less but it is quite high for life insurance. All the respondents are satisfied with their investments made in recurring deposits and fixed deposits. 50% males and 27.3% females are satisfied with their investments made in market investments. Thus males are more satisfied than females as far as investment in market investments is concerned.

**TABLE 3: CROSS TABULATION AND CHI SQUARE VALUE FOR INVESTMENT
AVENUES SATISFACTION AND GENDER**

INVESTMENT INSTRUMENTS		GENDER		TOTAL
		MALE	FEMALE	
MUTUAL FUNDS	SATISFIED	32 (50.0)	40 (80)	72 (63.2)
	DISSATISFIED	32 (50.0)	10 (20)	42 (36.8)
Chi – square Value: 0.972; df= 1; Non Significant				
HEALTH INSURANCE	SATISFIED	24 (33.3)	8 (30.8)	32 (32.7)
	DISSATISFIED	48 (66.7)	18 (69.2)	66 (67.3)
Chi – square Value: 7.802; df= 1; Non Significant				



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LIFE INSURANCE	SATISFIED	98 (96.1)	78 (100)	176 (97.8)
	DISSATISFIED	4 (3.9)	0 (0)	4 (2.2)
Chi – square Value: 0.681; df= 1; Non Significant				
RECURRING DEPOSITS	SATISFIED	64 (100)	46 (100)	110 (100)
	DISSATISFIED	0 (0)	0 (0)	0 (0)
Chi – square Value: 0.399; df= 1; Non Significant				
FIXED DEPOSITS	SATISFIED	70 (100)	82 (100)	152 (100)
	DISSATISFIED	0 (0)	0 (0)	0 (0)
Chi – square Value: 7.040; df= 1; Non Significant				
MARKET INVESTMENTS	SATISFIED	30 (50)	6 (27.3)	36 (43.9)
	DISSATISFIED	30 (50)	16 (72.7)	46 (56.1)
Chi – square Value: 8.307; df= 1; Non Significant				

INTERPRETATION

Thus overall it can be said that both male and female respondents have high satisfaction level regarding their investments in life insurance, recurring deposits and fixed deposits. Low satisfaction level is seen for investments made in health insurance and shares.

HYPOTHESIS TESTING

It's clearly shows that all the cross tabs value doesn't have any significant value than means Null hypothesis will be rejected and Alternative hypothesis will be accepted at 95% level of



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significance that is there is a association between the investment behaviour and gender differences.

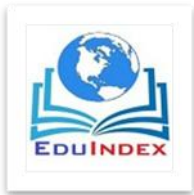
CONCLUSIONS

From the analysis of results obtained from the research it can be concluded that Employees working in various companies invest in almost all investment avenues available to them. There is an overall inclination of investing in safe investment instruments. Gender differences in investment preferences are significant for health insurance, fixed deposits and market investments. Satisfaction level of employees is very high for recurring deposits, fixed deposits and life insurance. Moderate level of satisfaction is observed for mutual funds and market investments. Very low level of satisfaction is observed for health insurance. Gender differences in satisfaction level are significant for mutual funds.

The research paper concludes that the male invest in the financial products which carries more amount of risk as a result they will be able to generate more amount of return and in case of females its vice versa.

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