Vol-1 Issue-3 2016 *IJARIIE-ISSN(O)-2395-4396*
International Conference on "Research avenues in Social Science" Organize by SNGC, Coimbatore

GENDER SWAYS INVESTMENT DECISIONS.

Mrs.C.Radha Priya, Assistant Professor,
Department of International Business,
Sree Narayana Guru College, K.G.Chavadi, Coimbatore – 641 105
Email.radhapriyaselvaraj@gmail.com Mobile: 9994406374

Introduction

Indians are known for their prudent decisions in all walks of life. Accurate decisions made at the right time bring all sorts of peace and prosperity. Investment decisions are one such significant decision to be made. Investments are possible only if there is savings. Though Indians are shrewd at savings, they are not good investors. Investment decisions are basically influenced by number factors like the socio-economic profile, investment objectives, current financial needs, perception towards investment avenues, etc.
Indian population census of 2011 reveals that there are 940 females per 1000 of males. Though the sex ratio is almost near equal, it is not reflected in the investments. A recent all-India survey has found that 80% of working women have no investment. Despite handling responsibilities at their workplace, they depend on parents and family members, friends, and financial advisers when it comes to taking a call on money matters such as where and how much to invest. The reasons for this behavior vary from risk aversion, insufficient financial knowledge, lack of freedom to take financial decisions. Though the human psychology is perceived to be common but still there exists difference between the genders, as male and female react differently to certain circumstances, environment, incident etc. When comes to investment and risk taking, it is believed that men and women differ in their mentality and behavior. As per the dictum of finance theories, all human beings are rational and behave in the same manner as far as expectations, preference etc., are concerned as all are utility maximizers. However, as far as investments are concerned whether the unifying rational prudence prevails over the psychology of the gender is need to be examined. The present study is an attempt to find whether gender plays a significant role in investment.

Objectives of the study:
1. To ascertain whether there exist difference in investment choice between men and women, and
2. To examine if there exist difference risk perceptions between men and women.

Hypotheses:
Based on the above objectives, the following hypothesis were set
$\mathbf{H_0^1}$= There is no significant difference in the investment choice between male and female.
$\mathbf{H_0^2}$= There is no significant difference in the risk perception between male and female.

Research Methodology

Descriptive research was suitable for the study. Primary data for the study was collected using a structured questionnaire from a sample size of 100 investors residing in Coimbatore district under convenient sampling technique. Along with simple percentage analysis The Mann-whitney Rank Sum and Chi-square tests have been applied for data analysis.

Socio-Economic profile of the respondents

Socio-economic profile of the investors includes their age, educational qualifications, occupation, marital status, income and investment. Nearly 3/4th of the respondents were men(75%), and 1/4th were women(25%). Average age of the respondents was around 35 years and majority (86%) of them was married. Average annual income of the investors stood about Rs. 2, 50,000 and their investments were around 15%-20% of annual income. Education level of the respondents show that majority of them had a Bachelor's degree. A larger percentage of men (67%) than women (33%) had a professional degree. Nearly 3/4th of men earned above Rs.1,20,000 per annum.

Investment choice and risk-perception:

Variable	***All***		***Men***		***Women***	
	No.	***%***	***No.***	***%***	***No.***	***%***
Gender	***100***	***100***	***75***	***75***	***25***	***25***
Asset preference						
Insurance	*41*	*41*	*26*	*63*	*15*	*37*
Deposits	*43*	*43*	*23*	*53*	*15*	*35*
PO savings	*22*	*22*	*17*	*77*	*5*	*23*
Pension and PF	*37*	*37*	*32*	*86*	*5*	*14*
Shares	*84*	*84*	*69*	*82*	*15*	*18*
Debentures	*16*	*16*	*16*	*100*	*0*	*0*
Mutual Funds	*23*	*23*	*20*	*87*	*3*	*13*
Real Estate	*14*	*14*	*14*	*100*	*0*	*0*
Gold	*40*	*40*	*28*	*70*	*12*	*30*
Company Preferred for investment						
Matured	*37*	*37*	*35*	*94.59*	*2*	*5.41*
Growth	*33*	*33*	*15*	*46.15*	*18*	*55.38*
New	*22*	*22*	*18*	*83.72*	*4*	*18.60*
Diversified	*8*	*8*	*7*	*87.50*	*1*	*12.50*
Type of Income						
Risk free regular income	*57*	*57*	*39*	*68*	*19*	*32*
High yield	*14*	*14*	*13*	*93*	*1*	*7*
Investment earnings	*19*	*19*	*13*	*66*	*6*	*32*
Superior returns	*15*	*15*	*10*	*67*	*5*	*33*
Type of share preferred						
High return with high risk	*13*	*13*	*8*	*62*	*5*	*38*
Low return with low risk	*18.5*	*18.5*	*2*	*8*	*17*	*92*
Moderate return with moderate risk	*68.5*	*68.5*	*66*	*96*	*3*	*4*
Risk tolerance level						
Low Risk	*30*	*30*	*7*	*23*	*23*	*77*
High Risk	*8*	*8*	*8*	*100*	*0*	*0*
Moderate Risk	*29*	*29*	*16*	*55*	*13*	*45*

Results and Discussion

H_0^1 = There is no significant difference in the investment preference between male and female.

Mann Whitney U test revealed that there is a significant difference between gender and investment preference (Rejected Null Hypothesis). Males (Mean Rank = 57.99, n=75), Females (Mean Rank = 27.03, n=25), U=714, Z=-6.624, p=.000)

From the data analysis and hypothesis, it is concluded that male and female respondents do differ in their investment preference.

Investment choice between genders

Gender	Number	Mean Rank	Sum of Ranks
Investment preference Male Female Total	 75 25 100	 57.99 27.03	 1351.5

Mann- Whittney U test

Test Statistics

	Gender Difference
Mann Whitney U	714
WilcoxonW	1351.5
Z	-6.624
Asymp Sig. (2 tailed)	0

Chi-Square Analysis:
Association between gender and risk preference
H_0^2= There is no significant difference in the risk preference between male and female.
Chi-Square value discovered that there is no significant relationship between gender and risk preference (Rejected Null Hypothesis).Chi-Square value = 5.537, Asymptotic. Sig. value = 0.019 which is lesser than the critical value (P=0.05).

Chi-Square results

Particulars	**Value**	**df**	**Asymp. Sig.(2-sided)**
Pearson Chi-Square Likelihood Ratio Linear-By-Linear Association	5.537 6.851 5.509	1 1 1	0.019 0.009 0.019
N valid cases	100		

Conclusion
The extent of research in the field of behavioral finance has grown conspicuously in the past decade. Integrating the concepts from economics, sociology and psychology, it has been emerging as a significant discipline in academics. An emerging subject matter within the behavioral finance literature is the notion of perceived risk pertaining to different categories of investors. The behavioral finance literature reveals many of these cognitive (mental) and affective (emotional) characteristics can be applied to the judgment process in relating to how an investor perceives risk for various types of financial services and investment instruments such as heuristics, overconfidence, prospect theory, loss aversion, representativeness, framing, anchoring, familiarity bias, perceived control, expert knowledge, affect (feelings), and worry. This research provides evidence of risk-taking difference amongst gender. The research ropes the pigeonhole that female are more risk averse than male. Men prefer investing in avenues which are risky and are interested in taking calculated risks than female. The study reveals that female prefer risk-free investments. Men appear to be active investors compared to women. The investment avenues preferred by men and women also echoes the ir risk taking capacity. The study establishes that women are risk-averse than men.