

# Gender Affect on Investment Behaviour

Madhavan Devadas, T. Vijayakumar



**Abstract:** Decision making is an action which results in a certain type of action from a set of alternate choices. The selected choice may be a rational or an irrational decision. Individual or small investors do not have the advantage of big and small firms regarding invest decision making. Various factors both external and internal, are behind investment decisions. The attitudes of both gender are similar or different with regard to various factor influences. This research endeavor attempts to identify the significant factors which influence decision making regarding investments with a focus on gender. Here for this study 14 attributes were selected to identify the underlying factors and their influences in decision making. For this purpose tools of statistics such as independent t-test and mean scores on a likert scale was utilized for this research study. The study determines there are notable differences between genders on certain variables which play an influencing role when it comes to equity investment decision making. On the majority of the variables both genders share similar influencing variables with regard to investment decisions in equities.

**Keywords:** Investor behavior, Decision making, Gender.

## I. INTRODUCTION

The Indian equity market is among the oldest in the world. Individual investors invest funds to safeguard their needs in the future and to protect themselves against inflation. Hamberg [3] deduced that investment in shares has a higher chance of earning better returns above other investments. The shift in investments methods have changed over time. In India in the pre-1990 years majority of the investments was bank deposits. As the investment market has evolved post liberalization various new avenues have opened up for individuals to invest in. Investing in share market has become one among the most preferred avenues of investing funds for retail investors. The investor goes through a process prior to investing funds into equity. He looks at the various sources of investment and assimilates information about the same post which he comes to a decision of investing. While arriving at a decision some of the influencing factors may be personal attributes, monetary forecast, consultant advice, equity standing etc. Hussein and al-tamini [9] in their study found that future earnings, future increase in value and an equity's past performance were some of the more influencing factors.

They also observed that family members' opinion, international market movements and gut feeling were some of the low influencing factors. Glaser, Schmitz and weber while studying sentiment with regard to everyday stock returns found that there was a relationship between market sentiment and stock market returns in short time periods. Baker & Haslem [7] in their study found that expected returns, dividends and company stability were important factors influencing decision making. Baker, Hagrove & haslem [6] deduced that investors do behave rationally while investing taking into account risk and return tradeoffs. Alleyne & Broome (2010) deduced that planned behavior theory predicts investment intentions. Hussein (2006) deduced that expected corporate earnings, wealth growth, stocks demand, past performance were some of the major influencing factors. Merikas (2003) summarized that economic criteria was a major influencing factor. Nagay & Obenberger (1994) observed in their research that wealth maximization was important to investors. Hamberg (2004) deduced that international presence of a company and its environmental policies was one of the important factors for investing in a particular equity. Ambrose (2014) deduced that the advice of Brokers and stock brokerages, family members and co-workers were not highly influencing factors while deciding on investment in equities. Diacon (2004) deduced that amount of returns and the risk preference of the investor are major influencing factors. Literatures indicates that men appear to take more risk than females with regard to investments. In a country like India in the early ages where the family dynamics has been that men predominantly work and earn while women tend to home, the last three decades has seen more women empowerment in the society as a whole. A across the world financial domain has been dominated by men. Though the involvement of more women are increasing in the financial domain, still the level of women is still low compared to other domains. In India as more women are being empowered both at home and society, they have started to be more involved in financial decisions affecting their personal finances and their family. Fellner & Maciejovsky (2007) came to a conclusion that women prefer less volatile investments which are less risky and do not show frequent movement in the market. Olsen & Coz (2001) surveyed finance professionals and found that women give more importance to the risk as they factor in the probability of a loss in investment and uncertainty while making investment decisions. Sunden (2004) offers a different opinion based on his study. He concludes that women act differently based on their marital status. He says that married women are better risk takers when it comes to investments.

Revised Manuscript Received on October 30, 2019.

\* Correspondence Author

**Madhavan Devadas\***, School of Management, SRM Institute of Science and Technology, Chennai, India. Email : Madhavan.devadas@gmail.com

**Dt.T.Vijayakumar**, School of Management, SRM Institute of Science and Technology, Chennai, India. Email : vijayakt@srmist.edu.in

© The Authors. Published by Blue Eyes Intelligence Engineering and Sciences Publication (BEIESP). This is an [open access](http://creativecommons.org/licenses/by-nc-nd/4.0/) article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>)

## Gender Affect On Investment Behaviour

He says that unmarried women are less risk taking when compared to married women. Financial literacy also plays a crucial role when women take financial decisions. In a country like India where the financial literacy of women and employment has seen a dramatic increase, this element plays an important role in how women take investment decisions.

### II. METHODOLOGY

This research is to understand the factors which influence investment decision making in equities. This is an empirical research in nature. This study attempts to understand the factors which influences equity investor behavior while making investment decisions. The research is restricted to Chennai, India. A questionnaire was designed and responses collected from equity investors. This was completed through an online survey through which 300 completed questionnaires were selected for analysis. Male respondents was tallied at 180 and the female respondents was at 120. The list of investors were created with the help of various financial advisory firms in the city. The study references research papers relevant to the area of this study. T-tests, mean scores and likert scales were used for this study. The study had fourteen hypothesis, one for each attribute. The hypothesis framed here is there is no remarkable difference in perception of both genders for each of the 14 attributes.

### III. RESULTS AND DISCUSSION

Most of the investors were between 20 and 60 years old. Senior citizens were not major investors in equity. Significant portion of the respondents were graduates 73% and 25% of the respondents were post graduates. Most of the respondents were in 2-10 lakh per annum income category.

Table 1

ATTRIBUTES	Std Deviation	Mean
Expected Dividends	4.08	.831
Financial Statements	3.82	.908
Annual Reports	4.08	.888
Expected Earnings	3.78	.783
General Press Coverage	3.98	.914
Firm Reputation	3.93	.917
Local Operations	3.87	.903
Recommendation	4.08	.933
Perceived Ethics of Firm	4.14	.786
Recent Price Movements	4.34	.816
Risk Minimization	3.93	.814
Share Price Affordability	3.86	.916
Personal Financial Needs	4.13	.867
Tax Consequences	4.07	.852

The study used independent dependent t test, mean scores for hypothesis testing (EV assumed).

It is determined there is no particular distinction between the thought process of both genders as to the habit of factoring previous cash payouts by entities. It is determined there is a marked distinction between the thought process of both genders regarding considering Financial statements. It is deduced there is a crucial difference in the attitude of between both the genders regarding companies' Annual reports. It is deduced there is no pronounced difference in perception of

both genders regarding as to being influenced by expected earnings of the company over past years. It is deduced that there was a momentous distinction between the thought processes of both genders regarding the importance in using General press reports. It is deduced of non-existent of weighty distinction between the thought processes of both genders with regard to Firm reputation. It is deduced there is no considerable difference in thought process of investors belonging to both genders with regard to companies' local operations. There is evidence of a no remarkable difference in the thought process of investors of both genders with regard to considering the recommendations by experts in the field including stock brokers. It is deduced there is a notable variance between the thought processes of both genders regarding the perceived ethics of the firms. It is determined there is a marked difference in the thought process of both genders about recent price movements. It is evident that there is a notable distinction between both genders with regard risk minimization. The study makes a determination of an appreciable distinction between both genders with regard to share price affordability. It is determined there is an appreciable distinction between both sexes about the perception of personal financial needs. It is determined there is a notable distinction between both the genders regarding Tax consequences.

Table 2

Variables	Gender	Std Deviation	Mean
Expected Dividends	M	4.16	.889
	F	4.01	.726
Financial Statements	M	4.03	.941
	F	3.51	.775
Annual Reports	M	4.26	.889
	F	3.82	.822
Expected Earnings	M	3.81	.868
	F	3.77	.631
General Press Coverage	M	4.13	.854
	F	3.76	.943
Firm Reputation	M	3.87	.913
	F	3.97	.936
Local Operations	M	3.86	.888
	F	3.94	.926
Recommendation	M	4.11	.924
	F	4.07	.962
Perceived Ethics of Firm	M	4.12	.780
	F	4.12	.782
Recent Price Movements	M	4.14	.926
	F	4.61	.534
Risk Minimization	M	3.68	.738
	F	4.31	.782
Share Price Affordability	M	4.09	.935
	F	3.54	.824
Personal Financial Needs	M	3.68	.738
	F	4.31	.782
Tax Consequences	M	4.09	.915
	F	3.56	.824

Table 3

ELEMENTS		Levenes EV Test		t-test for EM						
		F	Sig.	T	Df	Sig. 2-tailed	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Expected Dividends	EVA	7.338	.008	.873	98	.378	.150	.170	-.177	.476
	EVNA			.924	94.704	.356	.150	.162	-.182	.461
Financial Statements	EVA	.645	.423	2.873	98	.005	.517	.179	.172	.862
	EVNA			2.984	92.461	.004	.517	.173	.164	.868
Annual Reports	EVA	2.443	.122	2.477	98	.013	.442	.177	.092	.783
	EVNA			2.551	89.221	.013	.442	.173	.096	.775
Expected Earnings	EVA	7.461	.007	.155	98	.876	.025	.160	-.283	.352
	EVNA			.167	97.566	.867	.025	.150	-.263	.334
General Press Coverage	EVA	3.481	.065	1.973	98	.048	.367	.184	.001	.742
	EVNA			1.954	78.112	.053	.367	.188	-.007	.751
Firm Reputation	EVA	.112	.738	-.467	98	.626	-.092	.188	-.455	.272
	EVNA			-.464	80.884	.631	-.092	.190	-.458	.275
Local Operations	EVA	.013	.967	-.415	98	.685	-.075	.185	-.431	.283
	EVNA			-.413	82.665	.686	-.075	.186	-.434	.283
Recommendation	EVA	.284	.588	.132	98	.895	.025	.191	-.345	.414
	EVNA			.128	80.342	.897	.025	.194	-.350	.422
Perceived Ethics of Firm	EVA	.062	.822	.052	98	.959	.008	.161	-.313	.338
	EVNA			.051	83.668	.958	.008	.161	-.323	.338
Recent Price Movement	EVA	15.02	.000	-2.778	98	.006	-.450	.161	-.760	-.121
	EVNA			-3.061	96.837	.003	-.450	.146	-.751	-.148
Risk Minimization	EVA	.857	.354	-4.123	98	.000	-.633	.154	-.939	-.337
	EVNA			-4.056	78.834	.000	-.633	.156	-.945	-.331

## Gender Affect On Investment Behaviour

Share Price Affordability	EVA	.828	.368	2.967	98	.004	.533	.180	.175	.882
	EVNA			3.043	90.748	.003	.533	.176	.184	.873
Personal Financial Needs	EVA	5.748	.018	-5.054	98	.000	-.800	.159	-1.11	-.474
	EVNA			-5.343	96.873	.000	-.800	.149	-1.09	-.515
Tax Consequences	EVA	2.168	.143	-2.087	98	.037	-.358	.171	-.697	-.031
	EVNA			-2.056	78.881	.041	-.358	.174	-.704	-.022

### IV. CONCLUSION

Investors of both gender are influenced differently by various attributes which aids investment decision making. Both gender place similar importance to Expected dividends, Expected earnings, Firm reputation, Local operations and Recommendations. Investors of both genders have differing thought process with elements such as financial statements, Annual reports, General press coverage, and Perceived ethics of firms, recent price movements, Risk minimization, Share price affordability, Personal financial needs and Tax consequences.

### REFERENCES

1. Diacon, S., (2004) Investment Risk Perceptions: Do consumers and Advisers agree? International Journal of Bank Marketing, V 01.22 (3): 180-19
2. Ambrose Jagongo (2014) A Survey of the Factors Influencing Investment Decisions. International Journal of Humanities and Social Science, 4 (4):92-10
3. Hamberg, M. (2004) Managerial Attitudes toward Risk and Financial Decision-Making, Working paper, at Norwegian School of Economics, Berge
4. Robert A. Nagy & Robert W. Obenberger (1994) Factors Influencing Individual Investor Behavior, Financial Analysts Journal Volume 50, 1994 - Issue 4 Pages 63-68
5. Merika, Anna & G. Merikas, Andreas & S. Vozikis, George. (2004). Economic Factors And Individual Investor Behavior, Journal of Applied Business Research. 20. 10.19030/jabr.v20i4.2227.
6. Baker, H. K., Hargrove, M. B., & Haslem, J. A. (1977). An Empirical Analysis of the Risk Return Preferences of Individual Investors. Journal of Financial and Quantitative Analysis, 12, 377-389.
7. Baker, H & Haslem, John. (1974). Toward the Development of Client-Specified Valuation Models. The Journal of Finance. 29. 1255-1263
8. Glaser, Markus and Schmitz, Philipp and Weber, Martin, Individual Investor Sentiment and Stock Returns (October 2, 2009). Available at SSRN
9. Al-Tamimi, Hussein. (2006). Factors Influencing Individual Investor Behaviour, The Business Review, Cambridge, Vol.5, No. 2,225-232, 2006.

### AUTHORS PROFILE



Educational Qualifications: B.com, MBA  
**Mr. Madhavan, Devadas** is an Entrepreneur with interests in the field of Banking and Education. He has over 22 years of experience in the field of Banking and Education. He has worked in various foreign and domestic banks for a period of 11 years. His area of expertise is Risk Management. He is currently an independent consultant for financial

services institutions and various Educational entities. He is currently a research scholar with SRM Institute of Science and Technology. His areas of interests include Financial Services, Behavioral economics, Behavioral finance, Consumer Behavior, Market research. He has attended various National and International conferences.



Educational Qualifications: Ph.D., MA, MLM, MFM, M.Phil. MBA, BBA

**Dr. T. Vijayakumar**, is a Professor & HOD Finance in SRM Institute of Science and Technology with over 18 years of teaching experience in the field of Management. His research interests are Customer Relationship Management, Retail banking, Service Quality, Finance, and Marketing. Systems His area of interests include Financial Management, Financial and Management Accounting, Security Analysis and Portfolio Management, Financial Services, System Analysis and Design, Database Management Systems, E-Business Technology and Management, Information Storage Management, Management Information Systems, Business Analytics, Marketing Research, and Consumer Behavior. He has published papers in various International and National journals. He has also presented papers in various national and international conferences.