

A STUDY ON THE IMPACT OF GENDER ON INVESTMENT PREFERENCE AMONG INVESTORS IN CHENNAI

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Abstract

India has seen voluminous growth in volumes in capital markets. The large population coupled with its growing affluence has led to growing investment behavior amongst investors in India. This has led to a wide array of investment products being available to investors in general. Though a number of studies has been conducted abroad to find the impact of gender on investment behavior, the present study has been undertaken to find the impact of gender in the decision making behavior of investors in Chennai. Also the information processing differences between gender has been studied for different investment alternatives.

Introduction

The surging capital markets in the last few years have led to a prolific interest in investment in capital markets. This has led to a number of investment products being made available to investors and a wide array of choices to choose from. We have also witnessed a number of women investors entering the investment market. It is in this scenario that a study on the decision making and information processing ability of male & female investors need be studied. Also the investment preference of male & female investors has been studied. The effect of age on investment choice is also to be evaluated. This will provide a platform for investment advisors and companies on planning their strategy.

Literature Review

Beckmann, Lutje&Rebeggiani (2007) found that Italian female professionals do not only assess themselves as more risk averse than their male colleagues, they also prefer a more passive portfolio management compared to the level they are allowed to.

Graham, Judy F, Stendardi, Edward J, Jr;Myers, Joan K;Graham, Mark J (2002) conclude that there are important differences in information processing of female investors which plays a significant role in perception of risk.

Dana-Nicoleta Lascu;Babb, Harold W;Phillips, Robert W (1997) found that women adopted a more conservative investment strategy compared to men and they preferred investment in safe investment avenues.

Ping-fu LAI and Kit-yan TAM (2012) found that females are more likely to attend the full complexity of cues in a decision situation. They also found that women placed greater emphasis on downside risk, rather than earning less potential return than do men. In contrast, female are more aware downside loss of investment since they perceive greater level of risk than males, who are less likely to process the disconfirming information, cues.

Kathuria, Lalit Mohan and Singhania, Kanika (2012) conclude that male and female respondents were using magazines, internet, and TV channels as the three most important sources of awareness regarding various investment alternatives. Also, advice of parents and spouse' has been rated as the most important factor that influences their investment decision by female respondents

Embrey Lori L. and Fox Jonathan J (1997) found that women invest in less risky assets than men. The descriptive analysis of single men and women showed that women self-identify as far more risk averse and hold significantly fewer risky assets.

Rui Yao & Sherman D Hanna (2005) found that gender may play a role in risk tolerance. Also marital status plays a role in investment decision making.

Chen Haiyang and Volpe P Ronald (2002) conclude that women place lesser importance on studies of personal finance than men.

Objectives

1. To find the investment avenues preferred by investors.
2. To identify the reasons driving investors to their investment choices.
3. To analyse the differences between male & female investors with respect to investment products
4. To evaluate the effect of age on investment preferences of male & female investors

Methodology

Descriptive research has been used for this study. A structured questionnaire was developed to collect data from the investors. A sample of 200 investors has been selected from across Chennai. The sampling has been made to represent different group of investors with different gender in specific clusters. Among the clusters, random sampling was used.

Findings & Discussions

(1) Age Profile of the investors

S.no	Age	No. of Respondent Female	No. of Respondent Male	Female (%)	Male (%)
1	Below 25 yrs	40	10	40	10
2	25 -35 yrs	20	40	20	40
3	35 -45 yrs	20	40	20	40
4	45 - 55 yrs	10	10	10	10
5	Above 55	10		10	
	Total	100	100	100	100

(2) Investment Preference amongst investors

S.no	Investment Avenues	No. of Respondent Female	No. of Respondent Male	Female (%)	Male (%)
1	Insurance	20	10	20	10
2	Equity	20	40	20	40
3	Commodity	40	10	40	10
4	Bonds	10	10	10	10
5	SIP	10	30	10	30
	Total	100	100	100	100

(3) Reasons for Investment

S.no	Reason	No. of Respondent Female	No. of Respondent Male	Female (%)	Male (%)
1	Unexpected expenses	40	30	40	30
2	Financial independence	10	30	10	30
3	Returns	30	20	30	20
4	Future Security	10	10	10	10
5	Tax benefits	10	10	10	10
	Total	100	100	100	100

Chi square Test:

(4) (a) Hypothesis 1: There is a significant difference between investment preference among male & female investors with respect to insurance products.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	58.650 ^a	6	.000
Likelihood Ratio	62.469	6	.000
Linear-by-Linear Association	3.335	1	.068
N of Valid Cases	100		

Conclusion: Since the Asymp.Sig is less than 0.05(.000), Hence, null hypothesis is rejected. Therefore, there is significant difference between insurance products chosen by male investors and female investors

(4) (b) There is a significant difference between investment preference among male & female investors with respect to equity products.

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	53.053 ^a	4	.000
Likelihood Ratio	66.736	4	.000
Linear-by-Linear Association	38.089	1	.000
N of Valid Cases	80		

Conclusion: Since the Asymp.Sig is less than 0.05(.000), Hence, null hypothesis is rejected. Therefore, there is significant difference between product chosen by male investors and female investors with respect to equity investments.

(4) (c) There is a significant difference between age & investment preference among male & female investors.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	192.857 ^a	12	.000
Likelihood Ratio	184.438	12	.000
Linear-by-Linear Association	78.229	1	.000
N of Valid Cases	100		

Conclusion: Since the expected count is less than 0.05(.00). Hence, null hypothesis is rejected. Therefore, there is significant difference between Investment preference of male respondent and Age of male respondent.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	183.333 ^a	16	.000
Likelihood Ratio	190.054	16	.000
Linear-by-Linear Association	82.272	1	.000
N of Valid Cases	100		

Conclusion: Since the asymp.sig is less than 0.05(.00). Hence, null hypothesis is rejected. Therefore, there is significant difference between Investment preference of female respondent and Age of female respondent

Conclusion

The study has been conducted by selecting a sample of 100 male & 100 female investors from across Chennai. The demographic profile reveals that the age profile of the female investor is lesser and that of the male investor is more. Female investors show more preference for commodity markets while male investors prefer traditional equity investments. With respect to the need for investment, female investor prefer to invest for unexpected events while male investors prefer to invest for both unexpected events as well as for financial independence. The chi square test shows that there is a significant difference between the choice of investment products & equity products between male & female investors. Age also plays a role in investment preference of male & female investors.

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