

A Study on Gender Difference in Investment Preference among Bank Employees

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Abstract

Savings and Investment is one of the area where the gender difference in behavior would be considered important. Investment is the employment of funds on asset with the aim of earning income or capital appreciation by considering various attributes. This paper attempts to look out how men and women in the Banking industry differ in their individual investment preferences. For the purpose to find out how investment preferences of men and women differ towards Investment Objectives, Investment Preferences among eight investment avenues, preferred investment time horizon and Source of investment, Garrett Ranking Analysis was carried out. 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, Preferences, Avenues, Tenor and source of investment. The motive behind the study is to ascertain if gender can really impact the financial decisions and also to ascertain the patterns of Investment and preferences.

I. Introduction

Gender differences in investment preferences have been studied by various research scholars and reported that women are more conservative while investing and are risk averse. In the recent days, the Indian women have moved out of their traditional arena by shifting from managing households to manage multi-national companies and even banking sector, it has become vital for women to manage financials as well. Hitherto in India, this task is usually undertaken by the male member of the family as women tend to undermine their ability to manage their own finances. Considering these grounds, the researcher has made an attempt to study and analyze the investment behavior on account of gender difference among bank employees. To the extent that investment preferences towards objectives, time horizon, avenues would influence savings and investment behavior. This study focuses on to know the investment preferences between men and women working in the banking industry. A structured questionnaire was used in this study to obtain the information from the

respondents using survey method. The data is collected from bank employees of various age bands, educational background, income range and information about their investment preferences.

II. Literature Review

Ganga Bhavani & Khyati Shetty (2017) analyzed the impact of demographics and investor's perceptions in investment avenues and decided that no significant relationship exist among investors' perception based on age, gender, occupation, education, and income on various investment avenues such as investment equity market, mutual fund investment, bank deposits and LIC. Mutual funds and Equity market were preferred by male investors whereas bank deposit was preferred by female investors. All investments are dependent on gender, age and occupation and does not depend on educational qualification.

Sasirekha P & Jerinabi U (2015) have studied the awareness level of investors on investment with special reference to IT sector professionals

and concluded that majority of the investors have average level of awareness on the investment. It is concluded that there is an association between age, level of education, nature of family, annual income, social status, nature of organization, residential area, and savings potential with level of awareness and not significant for gender and number of earning members. Also it is reported that all the factors except gender and number of earning members have supported the relationship with awareness level of the investors.

Kirthika (2014) analyzed the investor's behaviour among gold and silver investment in the city of Coimbatore and revealed that gold ranks first among the investors across other saving instruments with silver taking the fourth rank. It also proved that there is significant relationship exist between gender and their percentage of investment in gold and monthly income and their percentage of investment in gold.

Sonali Patil & Kalpana Nandawar (2014) studies the preferences on investment avenues among salaried class and reported that liquidity and safety are the vital factors that influence the investment avenues selection process. There is a relationship between the gender and the factors of awareness among the investors but no relationship between the income level and awareness among investment avenues. It also revealed future requirement and Good returns were the main objectives for making the investment. Investment in Real Estate, Bank Deposit, Insurance and tax savings schemes are the most preferred investment avenues by the investors. There is no relationship between educational qualification and level of awareness among the investors.

Kousalya P R & Gurusamy P (2014) have done a study to determine the perception of women investors' towards investment and the level of awareness among women investors' and revealed that education does not influence the awareness

level on investment. No significant relationship between the age of the investors and the level of awareness towards their investment. Majority of the investors fallen under the low income group and also make self- decision regarding their investment.

Banudevi P B & Ilango N (2014) have studied the investment approach of working women towards various available avenues of investment and concluded that age and marital status has relationship among various investment avenues. High risk securities are not preferred by married women and more curious in making investments. Women investors of young age are liked mostly to invest in Shares market, Mutual funds, fixed deposits and insurance than the older women. The middle aged women investors preferred to make their investment in real estate.

III. Objective of the study

The objective of the study is to ascertain the preference of investment objective, investment preference and source of motivation of the respondents based on gender.

IV. Research Methodology

In this descriptive study, the researcher has taken the data from a sample of 750 respondents comprising of 500 males and 250 females working in both public and private sector banks through a pre-tested and structured questionnaire. This study is restricted within the city of Chennai. Garrett's Rank technique was conducted to determine the most important factors affecting the investment preferences among the gender. To find out the most significant factor which influences the respondent, Garrett's ranking technique was used. As per this method, respondents have been asked to assign the rank for all factors and the outcome of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent position} = 100 (R_{ij} - 0.5) / N_j$$

Where

R_{ij} = Rank given for the i th variable by j th respondents

N_j = Number of variable ranked by j th respondents

The per cent position of each rank will be converted into scores referring to the table given by Garrett and Woodworth (1969). For each factors, the scores of individual respondents will be added together and divided by the total number of the respondents for whom scores will be added. These mean scores for all the constraints will be arranged in descending order; the constraints will be accordingly ranked. The factor having highest mean is considered to be most important factor.

Data Analysis and Interpretation

Analysis of Investor's Preference

The respondents ranked their preferences relating to Investment Objectives, Investment Avenues and Investment Horizon and Garrett ranking technique has been used to determine the ranking.

Investment Objective

The income earned by the employees need to be invested according to their requirement. It is important for the investors to rank the objective as weightage has to be given to different objectives and this highly depends on the assertiveness of the person. The Table given below makes clear the priorities the investors had to fulfill their objectives in investment pattern.

Table -1 showing the consolidated preference of respondents for Investment objectives

Investment Objective	Overall			Male			Female		
	Total Score	Mean Score	Rank	Total Score	Mean Score	Rank	Total Score	Mean Score	Rank
Future Requirement	45906	61.208	1	30589	61.178	1	15317	61.268	1
Good Return	44827	59.769	2	30140	60.280	2	14687	58.748	2
Liquid	36785	49.047	7	24349	48.698	7	12436	49.744	6
Capital Appreciation	34756	46.341	8	23616	47.232	8	11140	44.560	9
Regular Income	37433	49.911	5	24728	49.456	6	12705	50.820	5
Tax Concession	41885	55.847	3	27717	55.434	3	14168	56.672	3
Wealth Creation	34718	46.291	9	23442	46.884	9	11276	45.104	8
Children Career	36938	49.251	6	24735	49.470	5	12203	48.812	7
Convenience	30289	40.385	10	20391	40.782	10	9898	39.592	10
Affordability	28967	38.623	11	19083	38.166	11	9884	39.536	11
Safety/Security	39996	53.328	4	26210	52.420	4	13786	55.144	4

The ranking analysis helped to comprehend the key objectives which had been borne in the minds of the investors when they saved and formulated their investment pattern by allocating funds to different investment alternatives.

Above Table 1 shows the investment preference based on the objectives of the respondents. Future

requirement, Good return has obtained the first two ranks by the bank employees, whereas Tax Concession and safety were preferred as the third and fourth rank by both male and female employees working in banks.

Regular income, Children career, Liquidity has taken the fifth, sixth and seventh position in the

overall preference. For male bank employees Children Career, Regular Income and Liquidity was their preference of objective taking fifth, sixth and seventh ranks, whereas in case of female bank employees, Regular Income, Liquidity and Children career has taken fifth, sixth and seventh position respectively.

Capital appreciation and Wealth Creation has taken the eighth and ninth rank in overall employees as well as male employees of the bank, whereas it was vice-versa in the case of female employees. Convenience and affordability were

the last two choice of investment objective by banking employees.

Investment Avenues

Eight investment avenues have been selected and the same had been rated by the investors in their own opinion. The distribution of the respondents on the basis of their preference for investment options through ranking order is shown in Table 2. Investment avenues such as Equity / Commodity Market, Mutual Funds, Gold / Jewellery, Real Estate / House property, Life Insurance policies, Bank deposit, Post Office savings and Government Bonds were considered in this study.

Table – 2 showing the preference of respondents for Investment Avenues

Investment Avenues	Overall			Male			Female		
	Total Score	Mean Score	Rank	Total Score	Mean Score	Rank	Total Score	Mean Score	Rank
Equity / Commodity Market	32724	43.632	7	23069	46.138	6	9655	38.620	7
Mutual Funds	40300	53.733	4	27846	55.692	2	12454	49.816	5
Gold / Jewellery	42374	56.499	2	27604	55.208	3	14770	59.080	2
Real Estate / House Property	36152	48.203	5	24286	48.572	5	11866	47.464	6
Life Insurance Policies	40670	54.227	3	27400	54.800	4	13270	53.080	3
Bank Deposits	44196	58.928	1	28525	57.050	1	15671	62.684	1
Post Office Investment	35370	47.160	6	22856	45.712	7	12514	50.056	4
Government Bonds	27464	36.619	8	17914	35.828	8	9550	38.200	8

Table 2 shows the preference towards investment avenues available to the respondents. Overall first preference was given to bank deposits followed by Gold / Jewellery, Life Insurance policies, Mutual Fund as second, third and fourth position preferences. Investment in Real Estate / House property was considered fifth ranked investment avenue followed by Equity / Commodity market and Government Bonds as seventh and eighth ranked avenues. However it is not in the same order among the male and female sector bank employees.

As far as the male employees are concerned Bank deposit, Mutual Fund, Gold / Jewellery and Life insurance policies have taken the first four preferences. Real Estate /House Property has

taken the fifth rank. Equity / Commodity Market, Post Office Investment and Government bonds had taken the last three positions.

In case of female bank employees, Bank deposits, Gold / Jewellery, Life Insurance policies and Post Office Investment has taken the first four preferred investment avenues. Mutual fund and Real Estate /House Property has taken the 5th and 6th position among female employees preference. Equity / commodity Market investment and Investment in Government Bonds has taken the last two ranking given by the female employees towards Investment Avenues.

Time Horizon

Investments are made by the investors for a specific purpose with a specified time horizon. The time limits are set by the investors according to the investment objectives. Time Horizon is important in getting the return from the investment. Investment can be made either for long term or short term period. In this study the

time period was classified into five categories. The respondents were requested to rank their priorities of time horizon and the same was considered with Garrett ranking technique. The following tables would show the preferences of the respondents based on the timelines.

Table 3 showing the preference of Time Horizon by bank employees

Investment Horizon	Overall			Male			Female		
	Total Score	Mean Score	Rank	Total Score	Mean Score	Rank	Total Score	Mean Score	Rank
Less than 1 Year	32865	43.82	5	21840	43.68	5	11025	44.10	5
1 Year to 2 Years	39720	52.96	2	26320	52.64	3	13400	53.60	2
2 Years to 3 Years	40850	54.47	1	27045	54.09	1	13805	55.22	1
3 Years to 5 Years	39535	52.71	3	26560	53.12	2	12975	51.90	3
5 Years and above	34530	46.04	4	23235	46.47	4	11295	45.18	4

Overall investors preferred 2 years to 3 years of tenure as optimal time period for investment. Above 5 years tenure and less than 1 year were the last preferred tenure. This clearly indicates that less than 1 year is too short a period for investment and above 5 years is too long a period for assessment of the investment performance.

Salient Findings

Both male and female employees prefers the same investment objective, namely, Future Requirement as their first choice and they also expect Good Returns from the investment. Convenience and affordability has taken the last rank indicates that the respondents are aware of the importance of investing their savings.

Bank deposits, Mutual Fund, Gold/Jewellery and Life Insurance policies are the widely accepted Investment avenues and these investment are made for a period of 2 to 3 years by the investors.

Suggestion for future research

It is suggested that further research can be done by increasing the number of surveys and also to

expand to various cities. This can also be extended to other sectors such as manufacturing, insurance etc. A study on investors perception among various investment avenues can also be carried out.

V. Conclusion

The report is the reflection of the behavior of various categories of bank employees. It is also concluded that the investors want to invest their hard earned money in safe deposit avenues such as bank deposits and Life Insurance policies thereby minimizing the risk. Women employees prefer to invest in gold ornaments and jewellery items. They also invest on a medium term of two to three years due to frequent changes in the interest rates of the savings.

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