Attitude of Investors' Towards Investment: Male and Female Differences

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Abstract: *In this modern era, money plays an important role in one's life. In order to overcome the problems in future they have to invest their money. Investment of hard earned money is a crucial activity of every human being. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of the people are invested in assets depending on their risk and return demands, Safety of money, Liquidity, the available avenues for investment, various financial institutions, etc. This study analyzes the gender differences in the attitude of investor on investment and their impact on demographic variables. Apart from this, it also focuses on the important factors to measure the attitude on investment among the respondents in the present study and it is confined to the aspects, namely financial needs, investment objectives, free from problems and Being risk-free in investment.*

Keywords: Investment, Savings, Risk-free Investment, Attitude, Liquidity

Introduction

Investment is a purchase of a financial product or other item of value with an expectation of favorable future returns. Investing is a serious subject that can have a major impact on investor's future well-being. Investors have a lot of investment avenues to park their savings. The risk and returns available from each of these investment avenues differ from one avenue to another. Even if the individual does not select specific assets such as stock, investments are still made through participation in pension plan, and employee saving programme or through purchase of life insurance or a home. In India, many investment avenues are available where some are marketable and liquid while others are non-marketable and some of them are highly risky while others are almost riskless. The investor has to choose Proper Avenue depending upon his specific need, risk preference, and returns expected.

Review of Literature

Saranagapani A and Mamatha T (2011) have made a study entitled "Investment pattern of Indian Investors: An Analytical Study of Hyderabad City Investors". In this article the demographic factors like age, qualification, sex, occupation, income, savings ,experience and other motivating factors have been analysed based on the data collected from 500 investors residing in Hyderabad city. The study reveals that the middle-income male investors are participating more in size in investment of securities than others. Majority of the investors belong to new generation. In the

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analysis of portfolio of investors, majority of the investors prefer to invest in different types of instruments and the rest only in equity shares.

Jothilingam K et al (2011) were conducted a study to find out the main objective of the investors in Namakkal District towards making investments and to assess the investors' attitude towards the investment avenues. The study concludes that investors prefer less-risky investment avenues like gold, mutual funds and bank deposits. This could probably because of their tendency to avoid high risks.

Sunil Kumari (2012) has made a study entitled "Investment Attitude of Rural Investors". The Present study aims at investigating the rural investor's behaviour towards purchasing the financial instruments. Five variables i.e. risk, return, peer's influence, self-efficacy, financial advisor's influence have been taken into account as determinants of investment decisions of rural people. A sample of 100 rural investors was used for the study. The study reveals that all of the rural investors consider the risk and return on investment and most of them are also dependent on financial advisor's opinion because of lacking a deep knowledge of market. It is concluded that in psychological theory the planned behavior reflects in rural people's investment decisions along with finance theory concepts i.e. risk and return equilibrium/trade-off.

Statement of the Problem

In the dynamic and competitive environment, marketing of financial services has become challenging. It is the responsibility of the persons involved in marketing of financial services and other investment avenues to understand the attitudes of the investors in order to be successful in their affairs. The present study aims to know that factors that will influence the investor attitude on investment, how far the male are differentiating from the female investors'.

Objectives of the Study

1. To study the socio-economic profile of the respondents in the study area;
2. To examine the attitude of investor on investment;
3. To find out the association between the profile of the respondents and their attitude on investment;

Methodology

Research Methodology is a way to systematically solve a problem. The present study focuses on the investors' demographic profile and the gender difference in the attitude on investment; it is purely descriptive in nature. The target population for this study is the investors of Coimbatore district. The stratified proportionate random sampling was adopted to distribute the determined sample size in the population and total sample included for the study is 440. The data is collected for the period from 2012 to 2014. The study was based on primary and secondary data. Primary data were collected by using questionnaire. Secondary data were collected from various book, journals and websites. Descriptive statistics, t-test, ANOVA, Two Group Discriminant analysis were used for analysis.

Analysis and Interpretation

Since the profile of the investors reveals the background of the respondents, it has been discussed initially. The profile of the respondents are analyzed based on their gender, age, educational level, marital status, size of the family, type of the family, occupational background, number of earning members, personal income, family income and annual savings. And then, the profile of

the respondents may be associated with the attitude on investment of the respondents; it is included in the present study. The attitude on investment is studied with the help of financial need, investment objective, free from problems and risk-free investment.

Descriptive Statistics of the Respondents

The respondents in the present study are classified into male and female respondents. The dominant age among the respondents is 31 to 40 years, whereas the dominant education level among the respondents is professional and under graduation. The important marital status among the respondents is married, whereas the dominant family size among the respondents is 3 to 4 and 5 to 6 members per family. The family size among the male respondents is higher than among the female respondents.

The dominant type of family among the respondents is nuclear family system. The most important occupational background among the male and female respondents is employed and professional respectively. The important number of earning members per family among the respondents is two. The dominant personal income per annum among the respondents is Rs.1.01 to 3.00 lakhs and above 5.00 lakhs. The dominant family income per annum among the respondents is above Rs.4.00 lakhs. The dominant annual savings among the respondents is Rs.50,000 to 1,00,000 per annum.

Attitude on Investment
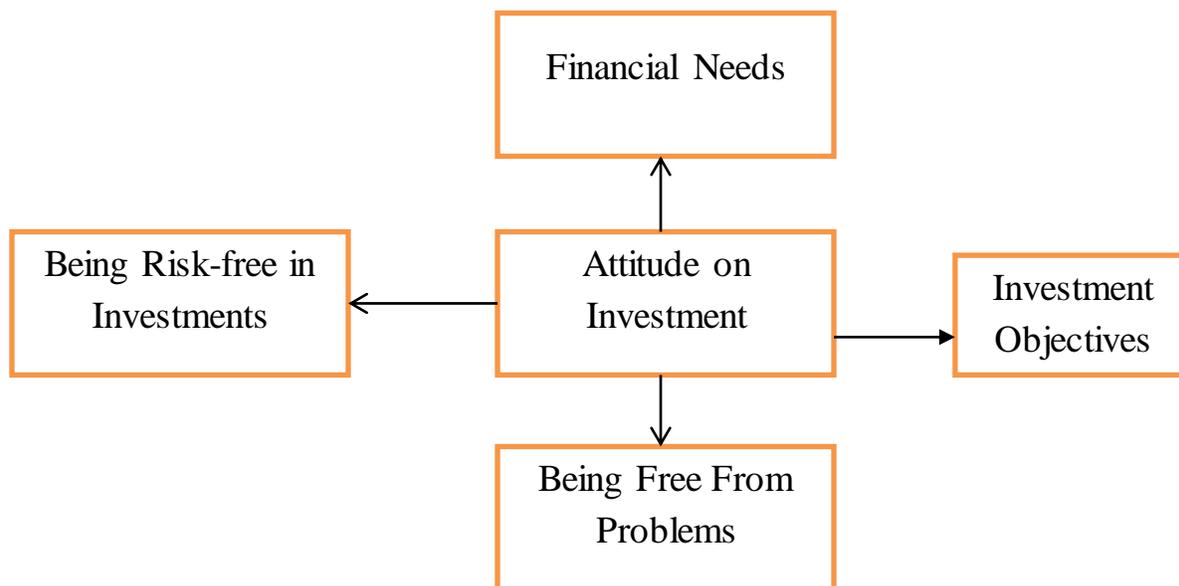
The important factors to measure the attitude on investment among the respondents in the present study is confined to important aspects, namely financial needs, investment objectives, free from problems and Being risk-free in investment. financial needs. It is measured with the help of variables. The respondents are asked to rate these six variables in financial needs at five-point scale according to their order of importance. The mean score of the variables in financial needs among the male and female respondents have been computed separately along with its 't' statistics.

Attitude of Investors' Towards Investment: Male and Female Differences

For summarizing the score of the variables in attitude on investments, it is imperative to examine their reliability and validity. The score of all the variables in financial needs, investment objectives, free from problems and Being risk-free in investment have been included for confirmatory factor analysis. It results in content and convergent validity. The overall reliability of variables in financial needs has been estimated with the help of Cronbach's alpha. The level of view on the attitude of investment among the respondents is measured by the mean score of the variables in it. It is denoted by source on each variable. In the present study, the source on financial needs is confined to less than 2.00, 2.00 to 3.00, 3.01 to 4.00 and More than 4.00.

Table 1: Attitude on Investment among Respondents

S. No.	Variables in Financial Needs	Number of Respondents		't' Statistics
		Male	Female	
1	Totally depend on investment	3.3084	3.7641	- 2.0886*
2	Depend on income	3.1179	3.8049	- 2.6546*
3	Depend on emergency needs	3.0884	3.2673	- 0.5199
4	Depend on asset creation	3.2914	3.6997	- 2.0117*
5	Depend on easy liquidation	3.4546	3.8808	- 2.2672*
6	Depend on long-term savings	3.3011	3.2541	0.2641
S. No.	Variables in Investment Objectives	Number of Respondents		't' Statistics
		Male	Female	
1	Capital preservation and growth	3.8141	3.2676	2.5141*
2	Safer investment portfolio	3.9092	3.2042	2.6997*
3	Stable income	3.8646	3.1974	2.7073*
4	Growth-oriented	3.7997	3.0979	2.8441*
5	Diversified-portfolio	3.8551	3.3011	2.4559*
6	Risk-free investment	3.8089	3.2452	2.5088*
S. No.	Variables in Free From Problems	Number of Respondents		't' Statistics
		Male	Female	
1	Easy to invest	3.1473	3.7784	- 2.5141*
2	Easy to liquidate	3.3011	3.8042	- 2.0996*
3	Easy to understand	3.2676	3.8199	- 2.2343*
4	Easy to consolidate and split	3.1884	3.8249	- 2.4179*
5	Transparency in transaction	3.2996	3.8117	- 2.3096*
6	Lesser service charges	3.3084	3.8676	- 2.2442*
S. No.	Variables in Risk-free in Investment	Number of Respondents		't' Statistics
		Male	Female	
1	Free from volatility	3.5449	3.7084	- 0.3949*
2	Free from windfall	3.3086	3.6611	- 0.6886*
3	Free from insecurity	3.4973	3.8045	- 0.7314*
4	Free from inconsistency	3.4171	3.6972	- 0.5249*
5	Free from questionable growth	3.3996	3.5884	- 0.4173*

*Significant at five Percent level

The 'Financial Need' among them is measured by six variables. The highly viewed variable in 'Financial Needs' by the male and female respondents is 'easy liquidation'. The significant differences among the male and female respondents have been noticed in their view on four out of six variables in financial needs.

The 'Investment Objective' among the respondents is measured by six variables. The highly viewed variable in 'Investment Objectives' by the male and female respondents are 'Safer Investment Portfolio' and 'Diversified Portfolio'. The significant difference among the male and female respondents has been noticed in their view on all six variables in investment objectives.

'Being free from problems' is measured with the help of six variables. The highly viewed variable in 'Being Free from Problems' among the male and female respondents are 'lesser service charges'. The significant differences among the male and female respondents have been noticed in their view on all six variables in 'Being Free from Problems'.

The 'Risk-free investment' is measured with the help of five variables. The highly viewed variables in 'Being Risk-free Investment' by the male and female respondents are 'Free from Volatility' and 'Insecurity'. The significant difference among the male and female respondents have not been noticed in all the variables in 'Being Risk-free in Investment'

The standardized factor loading of all the variables in attitude on investment are greater than 0.60 which reveals its content validity. The significant of 't' statistics of the standardized factor loading of the variables in attitude on investments reveal its convergent validity. It is also proved by the composite reliability and average variance extracted since these are greater than its standard minimum of 0.50 and 50.00 Percent respectively.

The analysis reveals that the level of view on 'financial needs', 'Free from problems' and 'Risk-free investment is higher among the female respondents than among the male respondents and the view on 'investment objective' is higher among the male than among the female respondents.

Respondents' Views on Investment

The respondents view on 'Financial Needs', 'Investment Objectives', 'Being Free from Problems' and 'Being Risk-free in Investment' have been discussed to reveal the view on investment among the respondents.

Table 2: Respondents' Views on Investment

S. No.	Contents in Investment	Mean Score among Respondents		't' Statistics
		Male	Female	
1	Financial Needs	3.2603	3.6618	- 2.1743*
2	Investment Objectives	3.8419	3.2189	2.4592*
3	Being Free From Problems	3.2521	3.8178	- 2.4909 *
4	Being Risk-free in Investment	3.4335	3.6919	- 0.5673

*Significant at five Percent level

The highly viewed contents in investment among the male respondents are 'Investment Objectives' and 'Being Risk-free in Investment' since their mean scores are 3.8419 and 3.4335 respectively. Among the female respondents, these two are 'Being Free from Problems' and 'Being Risk-free in Investment' since their mean score are 3.8178 and 3.6919 respectively. The significant difference among the male and female respondents have been noticed in the case of three out of four variables in 'Contents of investment' since their respective 't' statistics are significant at five Percent level.

Association between the Profile of Respondents and Their Views on Contents in Investment

Since the profile of the respondents is associated with their views on various 'Contents in Investment', the present study has made an attempt to examine it with the help of one-way analysis of variance.

Table 3: Associations between Profile of Respondents and their Views on Investment

S. No.	Profile Variables	F – Statistics in			
		Financial Needs	Investment Objectives	Being Free from Problems	Being Risk-free Investment
1	Age	2.7345*	2.8942*	2.4117	2.0889
2	Educational Level	2.5193	2.9969*	2.0886	2.1173
3	Marital Status	3.1172	3.2673	3.5886	3.7343
4	Family Size	2.4173	2.5089	2.6117*	2.0969
5	Type of Family	3.2886	3.3844	3.5119	3.4082
6	Occupational Background	2.8844*	2.9616*	2.8515*	2.7313*
7	Number of Earning Members per Family	3.1789*	2.8041	2.5996	3.4556*
8	Personal Income	2.7886*	2.9191*	2.8667*	2.6919*
9	Family Income	2.8084*	2.9089*	2.7034*	2.8163*
10	Annual Savings	2.4141	2.8646*	2.7182*	2.0996

*Significant at five Percent level

Regarding the respondents' views on 'Financial Needs', the significantly associating profile variables are age, occupational background, number of earning members per family, personal income and family income whereas in their views on 'Investment Objectives', these profile variables are age, educational level, occupational background, personal income, family income and annual savings since their respective 'f' statistics are significant at five Percent level.

The significantly associating profile variables regarding their views on 'Being Free from Problems' are family size, occupational background, personal income, family income and annual savings. Regarding the views on 'Being Risk-free in Investment', the significantly associating profile variables are occupational background, number of earning members per family, personal income and family income.

Discriminant Contents in Investment among the Male and Female Respondents

Since the views on various 'Contents in Investment' among the male respondents may be differing from the views of the female respondents, it is imperative to identify the important discriminant contents among the two groups of respondents for some policy implications. The mean differences in each contents among the two groups of respondents and its statistical significance have been computed initially along with the Wilks' Lambda of each content.

Table 4: Mean Difference and Discriminant Power of the Contents of Investment among Male and Female Respondents

S.No.	Contents in Investment	Mean Score among Respondents		Mean Difference	't' Statistics	Wilks' Lambda
		Male	Female			
1	Financial Needs	3.2603	3.6618	- 0.4215	- 2.1743*	0.1593
2	Investment Objectives	3.8419	3.2189	0.6230	2.4592*	0.1041
3	Being Free From Problems	3.2521	3.8178	- 0.5657	- 2.4909 *	0.1388
4	Being Risk-free in Investment	3.4335	3.6919	- 0.2584	- 0.5673	0.3541

The unstandardized procedure has been followed to estimate the function. The estimated function is

$$Z = - 0.2997 - 0.1339 \, X_1 + 0.2177 \, X_2 - 0.1841 \, X_3$$

The relative contribution of 'Contents in Investment' in the total discriminant score is computed by the product discriminant coefficient and the mean difference of the respective 'Contents in investment'.

Table 5: Relative Contribution of Contents in Investment in Total Discriminant Score

S. No.	Contents in Investment	Discriminant Coefficient	Mean Difference	Product	Relative Contribution in Total Discriminant Score
1	Financial Needs (X_1)	-0.1339	- 0.4215	0.0564	19.05
2	Investment Objectives (X_2)	0.2177	0.6230	0.1356	45.79
3	Free From Problems (X_3)	-0.1841	- 0.5657	0.1041	35.16
				0.2961	100.00
Percent of cases correctly classified: 74.82					

The higher discriminant coefficients are noticed in the case of 'Investment Objectives' and 'Being Free from Problems' since its coefficients are 0.2177 and -0.1841 respectively. It shows the higher influence of the above-said two contents in the discriminant function. The higher relative contribution in total discriminant score is noticed in the case of 'Investment Objectives' and 'Being Free from Problems' since its relative contributions are 45.79 and 35.16 Percent respectively. The estimated discriminant function correctly classifies the cases to an extent of 74.82 Percent. The analysis reveals that the most important discriminant 'Contents in Investment' among the male and female respondents is 'Investment Objectives' which are higher among the male respondents than among the female respondents.

Conclusion

The outcome of the study shows that, the attitude toward investment varies among men and women investors. The level of view on 'financial needs', 'Free from problems' and 'Risk-free investment is higher among the female respondents than among the male respondents and the view on 'investment objective' is higher among the male than among the female respondents.

The significant differences among the male and female respondents are seen in the case of views on 'Financial Needs', 'Investment Objectives' and 'Being Free from Problems'. The significantly associating important profile variables regarding the views on the contents in investment among the respondents are their personal income, family income and occupational background. The important discriminant contents in investment among the male and female respondents are 'Investment Objectives' and 'Free from Problems'. The investment objectives are highly perceived by male whereas among the female, it is free from problems.

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