



A study on the gender differences in the selection of mutual funds as an investment option among salaried professionals in Urban Bangalore.

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Abstract:

Personal Finance is the application of principles of finance to the monetary decisions of an individual or family unit. Thereby how well you manage your personal finance determines whether you buy a house or stay in a rented one, whether you have an international holiday or a domestic one, the quality of your kids' education, retirement plans etc. There are a wide variety of financial products in the market ranging from traditional real estate and fixed deposits to the modern and contemporary stock market products like shares and mutual funds. Among these investment options, mutual funds in the recent years have become increasingly popular. Another noteworthy fact is that women do not have the same relationship to finance as men because there are many striking differences between them. Thus women face unique challenges both in terms of making money as well as making it grow for the future. The study aims to get a clear understanding of selection of mutual funds as an investment option by women as compared to men. The study is based on the responses of 450 salaried respondents from Urban Bangalore.

Key words: Personal Finance, investment options, mutual funds..

Introduction

There are a wide variety of financial products in the market ranging from traditional real estate and fixed deposits to the modern and contemporary stock market products like shares and mutual funds. Among these investment options, mutual funds in the recent years have become increasingly popular. Like most developed and developing countries the mutual fund cult has been catching on in India. Mutual Fund makes it easy and less costly for investors to satisfy their need for capital growth, income preservation. In addition to this a mutual fund brings the benefit of diversification and money management to the individual investor, providing an opportunity for financial success that was once available only to a select few. That tends to lower your risk (avoiding the old "all of your eggs in one basket" problem). Because someone



else manages them, you don't have to worry about diversifying individual investments yourself or doing your own record keeping. That makes it easier to just buy them and forget about them. That's not always the best strategy, however -- your money is in someone else's hands, after all.

Women and investments: Women till date face a lot of gender discrimination Generally women have less economic opportunities to improve their lives. They often face obstacles when dealing with ownership of wealth, monetary return for their work, financial opportunities etc. m.The legal and cultural norms and taboos play a major role in aggravating this. Thus women face various strange and unique challenges when dealing with money and finance.. Women do not have the same relationship to finance as men. There is a lot of differences in their financial behavior, experiences ,attitudes and perception. These differences and challenges automatically tend to get reflected in their saving practices and decisions also. Generally for women, financial success is achieving a comfortable and financially secure life and retirement. Their financial experiences and behavior determines the degree to which they can achieve this success. Women mainly worry about financial independence, healthcare and comfortable retirement and their financial behavior and experiences tend to reflect these goals. It can be seen that there are a lot of differences in the financial perception, expectations, goals and confidence of men and women which ultimately influences their saving pattern and decisions. Their priorities for investment are also different compared to their male counterparts. Thus there are wide differences in the investment habits and choices of men and women

Statement of Problem:

Personal finance leads to the ultimate goal, a comfortable retirement and thereby a peaceful life. In the end this is the most important reason to plan for the future. With an unstable economy having enough money to comfortably live is very essential. A well thought out investment pattern will allow individuals to be secure in the present as well as in the future. This involves choosing from a wide variety of financial products like term deposits, shares, insurance schemes, pension schemes, mutual funds, social security benefits etc. Mutual funds in the recent years have become very popular among investors. A mutual fund is defined as a professionally managed investment vehicle that is made up of a pool of funds collected from



many investors. Financial experiences of women play a critical role in any economy because they are the key decision makers and caregivers in their households which ultimately have an impact on the economy as well. The researcher felt that both men and women should be adequately financially efficient to facilitate this. The researcher has tried to analyse the gender differences in the selection of mutual funds as an investment option among salaried professionals in urban Bangalore.

Literature review:

Chase Lancaster and Anubhav Raj (2009) found that women are more conservative than men while allocating assets in their retirement account. They concluded that gender differences are a significant factor in explaining individual investment decisions

According to Graham et al (2002) women are more thoughtful and likely to ask more questions than men do and to consider all relevant investment factors.

Jianakoplos and Bernasek (1999) in their study showed that women are more risk averse than men. They emphasized on the old belief that while men are financial daredevils who take risk, women are cautious and want more security.

According to Sitkin and Weingart (1995), The characteristics of the individual affects financial decision making indirectly.

Objectives of the study:

1. To provide an insight into the gender differences in selection of mutual funds as an investment option among salaried professionals in Urban Bangalore
2. To give suggestions and make sure that women are not financially disadvantaged.

Methodology:

The study descriptive in nature and the data used is both primary and secondary. The main tools of primary data are questionnaire and personal interviews. Reports, journals and articles are the



main sources of secondary data. Simple mathematical and statistical tools like Mann whitney U test are used for analysis. The sample of the study includes 450 salaried respondents from Bangalore city. The respondents were selected using convenient sampling techniques giving preference to accessibility and availability.

6. Analysis

Demographic profile

Table 1: Bivariate Frequency Distribution of Age and Gender

Gender	Age				Total
	25 - 30	30 - 35	35 - 40	40 or more	
Male	90 30%	120 40%	80 27%	10 3%	300 100.0%
Female	50 33.33%	60 40%	20 13.33%	20 13.34%	150 100.0%
Total	140 31.1%	180 40%	100 22.2%	30 6.7%	450 100.0%

Table 2: Bivariate frequency distribution of Gender and Marital Status

Gender	Marital Status		Total
	Married	Unmarried	
Male	276 92%	24 8%	300 100.0%
Female	125 83.3%	25 16.7%	150 100.0%
Total	401 89.1%	49 10.9%	450 100.0%



Table 3: Bivariate Frequency Distribution of Annual Income and Gender

Gender	Annual Income				Total
	<5,00,000	5,00,001-10,00,000	10,00,001-20,00,000	>20,00,000	
Male	10 3.3%	60 20%	130 43.3%	100 33.4%	300 100.0%
Female	4 2.6%	60 40%	55 36.7%	31 20.7%	150 100.0%
Total	14 3.1%	120 26.6%	185 41.1%	131 29.1%	450 100.0%

Gender Dissimilarities in mutual funds as an option of investments

The factor analysis resulted into only one factor for the attitude towards mutual funds and hence the name was retained the same for this factor. The null hypothesis ‘there is no significant difference in the attitude towards mutual funds due to gender’ was tested against the alternative ‘the attitude towards mutual funds is affected significantly by gender of the respondents’ using Mann Whitney U test and the results are given in Table 4.1

Table 4.1

Results of Mann Whitney U test

Factor	Gender	Mean	Z	P value
Attitude towards mutual funds as an investment option	Male	3.4855	-11.599	0.000
	Female	2.8742		

The null hypothesis was rejected and it led to the inference that the selection of mutual funds as an investment option is significantly affected by gender. The gender-wise item mean scores are given in Table 4.2 for detailed comparison.



Table 4.2

Item	Mean scores	
	Male	Female
I am interested in looking at different ways of investing	3.4905	2.8441
I am aware of mutual funds as an investment option	3.4381	2.7285
Everyone should have mutual funds in their investment portfolio	3.3762	2.7312
I invest in mutual funds on a regular basis	3.5476	2.9059
I can adjust to volatile returns	3.6357	3.0403
I consider mutual funds as a very attractive investment option	3.5452	3.0242
Mutual funds will give adequate returns in the long run	3.6714	3.1828
I have the confidence that mutual funds will help in beating inflation	3.3262	2.7796

7.CONCLUSION AND SUGGESTIONS

The lack of awareness of the offerings within mutual funds seems to be primary reason of mutual funds not finding a significant position in the investments of women. The risk of investment in mutual fund is often considered too high as the performance of stock markets and therefore of equity based mutual funds have been volatile. The suggested measures to improve the situation is to Create awareness among women by conducting workshops and seminars to educate them on the importance of mutual funds in beating inflation.

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