



A STUDY ON THE GENDER DIFFERENCES IN THE PERSONAL FINANCIAL PLANNING AND DECISIONS OF IT PROFESSIONALS IN URBAN BANGALORE

Padma Nandan* Dr.Sybila Pius Fernandez**

*Research scholar, Bharathiar University.

**HOD, Department of Commerce, St.Xaviers College, Aluva.

Abstract

Finance is the life blood of an economy, enterprise and also of an individual and hence managing it becomes very vital and crucial. Finance has the ability to make or break an individual's life but its influence depends on how possessors use and manage it. People these days have realized this blatant truth which in turn has led to the evolution of the concept of personal finance. Personal finance is the application of principles of finance to the monetary decisions of an individual or family unit. There are many situations and instances where individuals are influenced by their gender, emotions and feelings. It is seen that women do not have the same relationship to finance as men because there are many striking differences between them. Women face unique challenges both in terms of making money as well as making it grow for the future.. This calls for higher time and attention to the unique needs of women as financial consumers. The study aims to get a clear understanding of the existence of differences in the financial planning and decisions of women as compared to men with the objective of providing a basis for assessment as to what should be done in order to make sure that women are not financially disadvantaged. The data was collected by distributing structured questionnaires to 300 respondents in Urban Bangalore.

Key Words: Personal Finance, Gender Finance, Financial Planning, Financial Decisions.

1. Introduction

Personal finance is the application of principles of finance to the monetary decisions of an individual or family unit. A proper awareness or understanding of personal finance will force them to devote their time and effort for its effective management. Such an effective management of personal finance will help them to run ahead of others and grab the unbound opportunities ahead. In simple words personal finance deals with every financial aspect of a person be it trivial things like eating in restaurant to major decisions like buying an apartment or estate planning. In broader sense it refers to the planning and implementing of our financial goals.

Generally men and women have different feelings and views on finance. The researcher here analyses gender not simply as another a 'characteristic' but rather, a factor that has a profound influence on various aspects of personal finance like saving decisions and financial experiences since Gender represents a stable factor that does not traditionally change during the individual's life in contrary to age, education or mental condition etc.

According to the American Heritage Stedman's Medical Dictionary, a gender role is "the pattern of masculine or feminine behavior of an individual that is defined by a particular culture and that is largely determined by a child's upbringing." Thus, while every individual presumably undergoes socialization and acquires attitudes and behaviors through social learning, social learning may not be equal depending on one's gender. Even more importantly, individuals may be socialized differently regarding money and financial behaviors depending on their gender. Women face various strange and unique challenges when dealing with money and finance. In comparison to men, women share a large burden of raising families, start to work later and earn less during their careers, live longer, have inadequate pension or survivors' benefits and face more challenges in financial management (Alcon, 1999; Anthes 2000; Timmermann, 2000).

These differences and challenges automatically tend to get reflected in their financial planning and decisions also. There is a lot of differences in their financial behavior, experiences, attitudes and perception. According to Sitkin and Weingart(1995),The characteristics of the individual affects financial decision making indirectly There is also a difference in their financial goals as well as in their level of financial confidence.

1.2 Women and financial planning and decisions

Personal financial planning generally involves analyzing current financial position, anticipating short term and long term needs and executing a plan to fulfill these needs within individual financial constraints. **Lin & Lin (2008)** told that Personal financial planning involves managing all the money activities during a planner's lifetime. Setting financial goals and developing a plan to achieve them is inevitable for an efficient personal financial management.

While the basics of good financial planning are the same for both sexes, women often face particular lifestyle and economic issues that require special consideration. On average, they live longer and earn less than men. They are more likely to be



responsible for the household budget. They often are the ones their adult children turn to first for financial help. And the demands of caring for aging parents or spouses tend to fall on their shoulders. These factors are reflected in the differences between men and women in the area of financial planning. Gender bias and discrimination may keep women out of financial planning. Money, which many consider a 'measure of success', is often a taboo topic for women (Into, 2003). Societal structures and systems place a great burden on women.

Personal finance is largely about making financial decisions. Financial decisions are an integral part of an individual's life. Financial decision making is a process involving, determining of various options, evaluation of the options, considering tradeoffs and understanding that all decisions involve a cost. Right financial decisions are all the more important in the present uncertain economic times. Men and women have huge differences between themselves (Orasanu and Connolly, 1993). The gender differences exist especially when decision making is financial and also in the personal decision making (Johnson & Powell, 1994). Significant differences occur in decision making depending on the gender of the individual.

2. Literature Review

Ledereich and Siegal (1988) emphasized the role of factors like age and health, gender and marital status, family status, objectives, risk tolerance, investment preferences liquidity employment stability and tax rate in personal financial planning. The paper explained the need for accountant's involvement in personal financial planning of their clients.

Bertochchi, Brunetti and Toricelli (2011) studied the joint impact of gender and marital status on financial investments. The study was based on a dataset drawn from 1993-2006 Bank of Italy survey of Household income and Wealth. They found out that the evolution of gender roles will continue to affect household financial decisions as well as macroeconomic aggregates.

Salleh and Dahlan (2011) investigated the differences between demographic factors and level of risk taking in micro and small entrepreneurs. A stratified sample of 260 from the East Coast of Malaysia was taken for the purpose of data collection. The study found out that there are no differences between risk taking and individual's demographic characteristics such as gender, age, educational level and occupational experience. Thus it was concluded in the study that demographic features such as age, gender and level of education were not important considerations while taking risky decisions.

One study by Mittal and Dhade (2007) attempted to determine whether women prefer low risk assets compared to men. An empirical investigation of 167 respondents from Indore, India was conducted. The results indicated that women were less inclined to take risks than men and held less risky portfolios. The impact of the framing effect was found to be more pronounced in the case of females than males.

Säve-Söderbergh (2003) studied the gender differences in economic decision making. He also analysed the extent to which personal values and societal concerns affect financial decision making. The following were pointed out in his study;

1. Women on an average are more conservative in financial decision making.
2. marriage has the potential to affect the risk preferences of men and women differently.
3. Marital status affects the choice of investments more for women than men. Women in a cohabiting relationship are less conservative investors than single women because she now has a second income stream insuring against the loss of her own income.
4. Women are more responsive in their decision making to the influence of external factors on decisions.
5. Women do not have as much confidence in their financial decisions as men.
6. Women have a higher demand for ethical investments.

Lowenthal, Thurnher, Chiriboga (1975) found that women were less likely to plan for major life transitions than men. Women were more likely to resist planning and to focus their attention and plans on the aspirations of the men in their lives.

Gresham and Fontenort (1989) studied the gender differences in the use of and attitude towards money. They examined the gender differences in the following areas:

1. Power and Prestige (using money to impress and influence)
2. Anxiety (Nervousness about dealing with money)
3. Retention (Planning and preparing for future)
4. Quality (Purchase of products)



It was found in the study that significant gender differences existed in the anxiety and retention factor as against the other factors. It was concluded in the study that women are more fearful and anxious in dealing with money and that their financial planning and preparation for the future is less as compared to their male counterparts

3. Need for the Study

There are a lot of differences in the financial perception, expectations, goals and confidence of men and women Financial decisions 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 study aims to get a clear understanding of the existence of differences in the Financial planning and decisions of women as compared to men with the objective of providing a basis for assessment as to what should be done in order to make sure that women are not financially disadvantaged

4. Objectives

1. To assess the gender dissimilarities in financial planning among IT professionals
2. To assess the gender dissimilarities in financial decisions among It professionals.
3. To provide suggestions wherever necessary.

5. Methodology

This is an analytical paper. The data used is both primary and secondary. It employs a review through personal experience and background study. Secondary sources have also been made use of in relation to figures and statistics.. The sample of the study includes 300 respondents (150 male and 150 females) from Bangalore city. The respondents were selected using stratified convenient sampling.

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	45	60	40	5	150
	30%	40%	27%	3%	100.0%
Female	50	60	20	20	150
	33.33%	40%	13.33%	13.34%	100.0%
Total	95	120	60	25	300
	31.6%	40%	20%	8.4%	100.0%

Table 2: Bivariate Frequency Distribution of Gender and Marital Status

Gender	Marital Status		Total
	Married	Unmarried	
Male	138	12	150
	92%	8%	100.0%
Female	125	25	150
	83.3%	16.7%	100.0%
Total	263	37	300
	87.6%	12.4%	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	5	30	65	50	150
	3.3%	20%	43.3%	33.4%	100.0%
Female	4	60	55	31	150
	2.6%	40%	36.7%	20.7%	100.0%
Total	9	90	120	81	300
	3%	30%	40%	27%	100.0%

4. Gender Dissimilarities in Financial Planning of the Respondents

The three factors of the construct Financial Preparedness of the respondents were tested for the dissimilarities due to Gender. The null hypothesis stating the gender does not significantly affect the scores of the three factors of Financial Preparedness, namely, Financial control, Financial competence and Financial Philosophy was tested against the alternative hypothesis which claims for the significant difference at 5% level. The results of the Mann-Whitney U tests for the same are given in Table 4.1

Results of Mann Whitney U test

Factor	Gender	Mean	Z	P value
Financial control	Male	3.9526	-8.696	0.000
	Female	3.4069		
Financial competence	Male	3.4025	-4.650	0.000
	Female	3.0488		
Financial philosophy	Male	3.2060	-3.526	0.000
	Female	2.8495		

The Mann Whitney test results show that Gender significantly affects all the three factors of the construct Financial Preparedness. The above table clearly shows that the average scores of females are less compare to males in all the three factors.

Table 4.2 Gives Gender Wise Average of The Items Under The Three Factors Of Financial Preparedness. Table 4.2

Factor	Items	Mean Score	
		Male	Female
1 Financial control	My personal finances are completely under my control	4.0762	3.4946
	I am prepared and alert to the worst outcome	3.8976	3.1344
	I am financially independent	4.1738	3.6694
	I have set specific financial goals	3.9714	3.3315
	I don't have time for planning my finances	3.9976	3.1452
	I am satisfied with my current financial situation	3.8071	3.3253
	I have financial problems that are negatively impacting my life	3.9810	3.5699
	I review my financial goals periodically	3.6595	2.9462
	I have an emergency fund	3.5595	2.7608
	I know 'what will be will be', so there is no point in planning now	4.2786	4.0699
	I worry about my finances often	3.8000	3.3522
	I do not want temporary fun and happiness in exchange for future financial success	4.2286	4.0833
2 Financial	I am fully aware of the various deductions under the IncomeTax act	3.3786	3.0269
	I formulate a tax plan every year	3.5524	3.2285



competence	I always utilize the maximum deductions available	3.1766	2.8360
	I have never experienced a ‘hand to mouth ‘situation	3.4857	3.1747
	I am stress free regarding my finances	3.7167	3.2500
3 Financial philosophy	I know almost to the penny how much I have in my purse wallet or pocket all the time	3.1048	2.7769
	Proper financial planning improves quality of my life. I get irritated with people who don’t plan for their future	3.3071	2.9220

5. Gender Dissimilarities in Financial Decisions of the Respondents

The two factors of the construct Financial Decisions, namely, Financial Temperament and Family and Financial Decisions were tested for their significant differences due to gender. The null hypothesis stating the financial temperament and family and financial decisions are significantly affected by the gender difference was tested against the alternative hypothesis stating there is no significant difference in these factors due to gender. The Mann Whitney test results led to the rejection of the null hypothesis and concluded gender affects these factors. The results of the Mann whitney U test are given in Table 5.1

Table 5.1
Results of Mann Whitney U test

Factor	Gender	Mean	Z	P value
Financial temperament	Male	3.7628	-11.308	0.090
	Female	3.1172		
Family and financial decisions	Male	3.6372	-12.949	0.000
	Female	4.3871		

The individual average of every item under the factors of financial decisions are given in table 5.2 for males and females.

Table 5.2

Factor	Items	Mean Scores	
		Male	Female
Financial temperament	I feel taking financial decisions are stressful and time consuming and do not enjoy taking them	3.7071	2.6828
	I feel financial decisions are exciting and rewarding	3.7333	2.9704
	I have difficulty in making financial decisions irrespective of the amount involved	3.9310	2.9328
	I don’t usually like to lend money	3.6857	3.4785
	I don’t generally like to borrow money	3.7571	3.5215
Family and financial decisions	I am responsible for the daily money management decisions in the family	3.2219	4.2527
	While taking a financial decision, my family is my greatest priority	4.0524	4.5215

6. Findings

While men feel taking financial decisions are stressful and time consuming, the average score for women is less. Still men feel financial decisions are more exciting and rewarding compare to the opinion of women. Women are more responsible for the daily money management decisions in the family. Both the genders are equal in opinion that they don’t like to lend, nor do they like to borrow money. Both men and women give priority to family while taking financial decisions.

7. Conclusion

The differences between men and women in the areas of financial planning and decisions should be analyses and understood since it is the only way of ensuring financial inclusion to women and thereby economic development. It is very important to have financial inclusion as it helps to achieve and attain gender equity objectives which are inevitable for the growth of an economy. Proper financial inclusion to women leads to women empowerment.



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