

Impact of Gender Differences on Individual Investor Behavior

Cinsiyet Farklılıklarının Bireysel Yatırımcı Davranışlarına Etkisi

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Abstract: The understanding of the causes of gender disparity between the ways of investment making is helpful not only to policymakers in designing fruitful strategies but also for brokers, dealers and financial players who play an integral role in financial market activities. The Gadamerian phenomenological hermeneutics approach is employed in this study to understand the factors that lead to differences in opinion regarding investment making decisions. Fourteen interviews have been conducted from seven males and seven females, all adults and Gadamer's hermeneutic circle is applied for the fusion of interpretative perspectives. The results showed that men and women indeed invest differently and the socio-cultural traditions are dominant in shaping the two major themes of profitability and religiosity. Religiosity emerged as a new category in the context of our society and culture that had not been seen in the existing literature. Religion is considered the most important factor in shaping investment-making strategies of a specific class in Pakistan. Distinct differences are not only observed across genders but also across varied ethnic groups dwelling in the country.

Keywords: Gender disparity, phenomenological hermeneutics, Gadamer, hermeneutic circle, investor behavior.

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Introduction

Investor Behavior is described as the way the investors, judge, predict, analyze and review the processes for making investment decisions. Research Experts from the fields of economics, sociology and psychology attempt to describe investor behavior in numerous ways. Economists mainly focused on the rational or irrational investor behavior influencing decision making, sociologists aimed on social environments and psychologists focused on individual characteristics to explain investor behavior. Individual investors could be defined as “the individuals, who are either engaged in earning activities or get monetary assistance from spouse or parents periodically and invest in various investment avenues like gold, securities, mutual funds, bank deposits in the expectation of future returns (Shafi, 2014).

According to the existing literature, the influencing socio-economic factors on investment making behavior of investors are age, gender, marital position, academic status and monthly earnings. Other factors include individual eccentricity, asset maximization, minimization of risk, accounting records, social responsibility, role of government and media, brand perception, financial expectation and economic expectation. The psychological point of view regarding the position of investors states that the pain from losing wealth in investment is heightened three times relative to the happiness of gaining money (Sultana & Pardhasadhi, 2012; Korniotis & Kumar, 2011; Shanmugsundaram and Balakrishnan, 2011; Kaleem, Wajid & Hussain, 2009).

Most behavioral finance researchers actively involved in gender studies emphasize upon the attributes peculiar to men and women relating to their intellectual exposure and in their perceiving and approaching the world of investment. This has an implication that the procedures adopted in motivating both the groups to invest their wealth and the kinds of funding instruments and recommendation services offered to them have frequently been geared to their distinguished attributes concerning investment orientation. However, not all the work in this area identifies the presence of these differences (Kunnanatt & Emiline, 2012).

The inclination of women to invest in less risky opportunities than men is indeed suggested by the state-of-the-art literature. Women stronger



risk aversion is often explained by their weaker socio-economic position which further indicates their exposure to additional sources of risk, like job risk along with those related to their wealth holdings. For associated reasons, married people are also anticipated to invest in riskier assets for getting the benefit of risk sharing provided by their spouses and the related resource sharing (Bertocchi, Brunetti & Torricelli, 2011). Women conservative investment strategies have been explained by numerous studies. Researchers have found that earnings, educational qualification and net worth have positive relationship with risky investments.

Throughout the world, there are large gender differences in financial literacy and share similar patterns even if we account for other socioeconomic attributes like marital status, education and income. It is also observed that women are less likely to visit financial advisors in compensating for their lack of financial knowledge. Gender gaps are found not only in objective means of measuring financial literacy but also in self reporting scores. Women assign themselves lower points than men when invited to evaluate their financial knowledge which shows to some extent, lack of confidence. Studies also show that financial knowledge can be related to behavior as financially literate people have a higher probability to plan for their retirement, to make investment in stocks, pay heed to transactional costs and make borrowings at low rates (Sevak, Weir & Willis, 2003; Lusardi & Mitchell, 2008; Bucher-Koenen, Lusardi, Alessie & Rooij, 2014).

Literature suggests that gender gap is notably pronounced in South Asia and Pakistan has been high-lighted as a country where this disproportion is the starkest. In Pakistan, the gender inequality show up quite paradoxical. On one hand, women acquire noticeable political leadership, Prime Minister Benazir Bhutto was the first Pakistani woman leading an Islamic state and ten percent of all government offices and one third of local legislative positions are reserved for women. On the other hand, abundant female mortality exists with the number of women missing estimated to be thirteen percent, a rising gender inequality in literacy, an intimidating number of female violence and a fifteen percent low labor force share. On top of this, Pakistan social system is accused of fragmentation and polarization within the lines of socio-economic, religious and ethnic conditions (Delavande & Zafar, 2011).



Gender inequalities are apparent in numerous ways, like unequal opportunities for attaining resources, dominance, schooling and discriminative socio-cultural norms. Although gender inequalities influence the lives of both males and females, they are generally more disadvantageous for women. It is implied that if counselors are unaware of the learning status and experience of their investor they may want to reckon how to educate their client with the skills they might want to make rational decisions instead of solely relying on studies from economies with long established markets.

This hermeneutical phenomenology research has delved into investment making behavior, propelled by the urge to know more about the experiences of both men and women about the phenomenon and the meaning they ascribe to these experiences of investment making decision and understand the differences in opinion between them. The purpose of this phenomenological hermeneutics study is to discover what is recognized and what is still unrecognized concerning gender impact on investment decision. By exploring this activity a deeper knowledge about the lived experience of people involved is searched, through their experiences and reflections. In the current review, we view gender as constructed by our culture and society rather than an unchangeable personality attribute associated with biological sex. There is no existing theory that help to explain the gender differences in investing. The aim of this research study is to develop a conceptual framework that assists in explaining the phenomenon.

The study will try to find the answers to the following questions:

1. What are the differences in investing behavior of men and women?
2. What are the structural meanings of gender differences in investing?
3. What are the underlying themes and contexts that explain such differences?
4. What are the universal structures that precipitate feelings and thoughts about the experience?
5. What are the invariant structural themes that facilitate a description of the gender impact?
6. What are the factors affecting women investment making decisions in Pakistan?



7. How are the investment making decisions influenced by gender and how does the lived experience of investors shape the perception of this impact?

Recent studies have proved the presence of gender differences in investment decision and risk taking behavior. While supposing that there is a reason for concern, authorities may design suitable policies if they have better apprehension of the elementary causes for gender differences. In the local context, there is no published research in the subject area that can provide in-depth analysis of the topic. This study will be beneficial not only to policy makers of private and social pension agencies but also to patrons and professionals who are involved in providing investment related information to their clients.

The major types of investment available in Pakistan are stocks, prize bonds, real estate, currencies, mutual funds and gold. Stocks have emerged as a popular choice with tremendous increase in CDC (Central Depository Company) accounts over the past five years. Prize bonds are the easiest to invest in and risk free. Investing in real estate provides stable returns but requires significant amount of money. Previously, just companies and banks were engaged in currencies trade but now individual investors can also invest in foreign exchange market. Mutual funds is the best option for people with less financial knowledge. Several types of mutual funds are available depending upon the individual appetite for risk. Gold is a conventional type of investment for Pakistani women. Returns on gold are slow and it is commonly considered as a long term investment. Furthermore, during periods of crises or war, gold generally outperforms other class of assets (Haris, 2018).

1. Literature Review

A number of theories have explained the gender behavior from different standpoints. The literature review commences with the introduction of few notable theories related to the field. One of the famous work of Freud is the psychosexual development theory. Basically, Freud hypothesized that at young age we shift through numerous phases centered on erogenous zones. Desired attainment of these phases assist in developing a



healthy personality, but fixation at any step prohibits the successful completion and results in an unhealthy adult with fixated personality traits. Erikson updated Freud's theory by proposing a theory of psychosocial development. He transformed Freud's theory which emphasized sexuality to his theory with focus on socializing and also introduced eight psychosocial stages by extending five psychosexual stages of Freud.

It is broadly acknowledged that financial socialization is the elementary step in modelling financial knowledge and attitude in young age. Gender different form of socializing is a significant factor in directing gender behavior. Bandura (1977) pointed out in his social learning theory that people learn their behavior from their observations of the behavior of the most important people in their circle. The same knowledge is extended to understand gender perspective, as women perceived themselves in accordance with their stereotyped social image. At early age, men are trained to be extroverted and accomplishment oriented, however women are trained to be passionate and reserved (Qiao, 2012). Therefore, women acquire insufficient financial knowledge as compared to their male counterparts and also consider personal finance as an unimportant subject.

The Cognitive Developmental Theory postulates that we understand gender after passing through three stages of cognitive maturation pertaining to gender. Martin, Ruble & Szkrybalo (as cited in West, 2015) interpreted these stages as (a) gender identity: when children understand that, what sex category they belong to (b) gender stability: when children realize that their gender does not change with time, clothes or behavior and (c) gender consistency: when children understand that changes in appearance, hobbies and attributes don't have any direct effect on gender identity. Once gender constancy is established, activities appropriate for male or female are identified and copied. When children establish gender consistency within themselves, categories of gender become more prominent.

Gender-Schema Theory suggests that children become sex typed by using gender as a schema. Gender schemas are generalizations describing conformable characteristics (gender stereotypes) for males and females. This schema help them in organizing and guiding their view of the world. Whereas social learning processes play a vital role in acquiring gender spe-



cific behaviors, children own thought process encourages such development. Bem (1981) proposed this theory as a process of active schemas helping in the development of a child's thought and behavior and also shaping their attitudes concerning self.

Past research concerning gender gap in investing strategies have pointed to two significant differences i.e., female investors tend to have more risk averse attitude and have lower confidence level as compared to male investors in similar circumstances. Recent studies propose that different information processing manners may explain the lower risk tolerant tendency of women as well as their less confidence tendencies. The selectivity model suggests that genders choose different clues from the atmosphere while information processing. Accordingly, males don't process all accessible information clues frequently and are extremely selective in processing information. Contrarily, females process information in a more comprehensive manner considering more subtle clues along-with focal and apparent. These differences develop less confidence and more risk aversion tendency in women as they are greatly aware of the potential disadvantages of a specific investment (Levy as cited in Graham, Stendardi, Myers & Graham, 2002). Gender gap occurs for the kind of information sources used by male and female investors while taking investing decisions and also for the number of times they referred to these sources (Loibl & Hira, 2011). A renowned marketing theory known as cognitive dissonance theory (Cummings and Venkatesan, 1976) can also be related to the post-buying investor behavior. The phenomenon of self-reproach, distress and uncertain feelings happen when an individual has conflicting thoughts toward an attitude object. Marketers mostly observe this phenomenon after the purchase has been made and the buyer has conflicting thoughts as a result of positive attributes of the goods not selected and negative attributes of the goods selected. Furthermore, the high degree of involvement in buying decision maximizes the chances of dissonance (Stendardi, Graham and Reilly, 2006).

Qiao's (2012) study couldn't identify any gender differences in financial information search at college level. Barber (n. d.) counsels that educating investors is as important as educating the advisors. Moreover, it may be possible that women avoid investments in common stock not due to the



risk factor but because they think that they don't have access to the correct information to help them in making a well-informed decision. Thoughtful counselling and education would motivate individuals to participate in the trading activities intelligibly. But if women have preference for investing in lower risk assets because of a well thought out choice, then thoughtful counselling and education is unlikely to alter their selection. The crucial point here is to ensure that selection of low risk profiles is not made by default but by an informed rationally made decision. Instead of looking through all information sources and socializing websites, investors use an information lens looking at a small part of their world of information at a given time. The information lens is dynamic in nature and is shaped by the personality of the investor and the purpose of the assignment (Adamopoulos, 2014). Also Tauni, Fang & Iqbal (2016) provided evidence empirically that the personality traits of investors moderate the association between information sources and trading behavior.

Many studies in psychology and sociology reveal that female risk aversion is greater than male (Arch, 1993; Byrnes, Miller and Schafer, 1999; Hinz, McCarthy and Turner, 1997; Bajtelsmit & Van Derhei, 1997). Previous literature has proofs that female investors tend to be more risk averse than male investors although these studies were not conducted on college students. Garrison & Gutter (2010) confirm that gender gap in risk preferences also exist at colleges, inferring that girls tend to reveal less willingness in taking financial risks since they are exposed to manage their own money for the first time. Lemaster & Strough (2014) mention that during recent years, gender specific behavior in risk preference and risk tolerance has greatly been explained by the biologically based mechanisms like testosterone. Comparatively little work has been done in investigating psychological mechanisms accounting for gender differences in risk taking behavior. Their results extended prior work by showing that gender linked stereotyped masculine dimensions related to societal roles and personality attributes play a significant role in understanding the difference in risk preferences between genders. The so called feminine or consensual personality attributes are related to lower risk tolerance in women; however, the way of seeing one's biological sex in a positive manner is associated to increased risk tolerance in females and lower risk tolerance in males.



Differences in reacting emotionally to risky situations is the basic explanation for gender gap in risk taking. In an influential paper, Loewenstein, Elke, Christopher & Ned (as cited in Croson & Gneezy, 2009) outlined “risk as feelings” referring to our quick, instinctual and intuitive response to risk. These affective responses are mostly better forecasts of our decision when we face risky choices than the more intellectual rational approaches. They looked at gender specific effect of feelings on outcomes and likelihoods. Past research in psychology imply that women experience feelings more intensely than men. An intense experience of emotion may influence the utilization of a risky opportunity. Women, in particular describe stronger nervousness and fright than men in anticipating negative consequences resulting in their greater risk aversion.

An overconfident person being an egoist, overestimate his/her happenings of success and strongly believe that their choices are critical in advancing their objectives. Prior research found men as more overconfident than women by controlling all other variables that may influence investment decisions such as age, schooling, capability and experience. Another explanation for observed differences in risk preferences is the interpretation of the risky choice. Elizabeth Arch (as cited in Croson & Gneezy, 2009) offered a clarification for the gender gap in risk preferences on the grounds of accepted proper behavior. There’s a more likelihood of men seeing a risky scenario as a challenge that demand for involvement, while women infer risky choices as threats that urge eschewing. She also argued that differences in dealing with a risky situation are not a result of different abilities, persistence level or enthusiasm of performing a task well. Rather, this differencing arise due to differences in motivation between males and females.

Pompian (as cited in Mishra & Metilda, 2015) emphasize that overconfidence can be described as the unfounded belief of an individual in his intuitive rationality, judgement and cognitive skills. Psychologists discover overconfidence as a pervasive human attribute. Gender gap in overconfidence is one important factor which may lead to decreased estimation of risk in a given investment. Overconfidence leads to holding riskier portfolios by such investors as compared to rational investors that show the same risk aversive behavior and they also overtrade than the normative levels



(Croson & Gneezy, 2004). Barber and Odean (2001) employed overconfidence model to check the gender differences and found that men trading volume is 45% greater than women but their yearly risk adjusted net returns are 1.4% less than earned by women. The magnitude of such differences is much wider between single male and female. Single male trading is 67% higher than single female and their yearly net returns after risk adjustment are 2.3% lower than earned by single female. Experimental researches such as one planned by Lundeberg, Fox & Punccohar (1994) provide evidence for higher overconfidence in males than females. Men were substantially more confident than women in their investment making decisions, suggesting that greater overconfidence in men may be one reason for the examined differences in investment behavior. Pandey (2014), concluded that overconfidence is not confirmed as a factor influencing investment decisions because their research showed mixed results about it.

Gender unequal treatment is well documented in South Asia and is particularly pronounced in Pakistan. Gender gaps in investment have attracted high attention of scholars and academicians who generally attribute this inequality to risk taking behavior (Eckel and Grossman, 2008). However, most of the studies on gender differences in investment making decisions have been done by taking data from industrialized economies especially from the United States. Nevertheless people in emerging countries are drastically different in numerous aspects (beliefs, life styles and personal characteristics) from those in developed countries. Therefore, we may expect that the women living in emerging economies have different investing attributes relative to women living in advanced countries (Bayyurt, Karisik & Coskun, 2016). An empirical study conducted by Starr and Tran (2008) illustrated that the demand of gold in its physical form that is coins, bars or jewelry is much higher in eastern countries such as Turkey, Pakistan, India than in the western world. This pattern of gold demand shows the involvement of culture, as such countries have traditions of gifting gold jewelry to newlyweds, new-born babies etc. In eastern countries such as Pakistan, gold play the role of precautionary savings more importantly than its adornment appearance. Thus, this issue also wants exposure in the context of eastern countries.



Marszalek, West & Willows (2014) found negative association between trading volume and returns earned, however there was not an identifiable difference between trading volume of males and females with exception of single men who are involved in trading activities more frequently than single women. Also the returns earned were same for both men and women, however the variance of returns showed that men invest more in risky assets than women. Willows & West (2015) assessed trading behavior of investors of different ages from South Africa and identified that women above the age of sixty years earn higher profits than men and older individuals invest less in risky opportunities. Delavande & Zafar (2011) show striking interactions of social identity and gender discrimination in the Pakistani context by discovering both the non-uniformity of gender discrimination across the educated class and its varying nature and intensity in terms of social identity of interacting people. One research conducted by Vasakarla & Sharma (2013) found no significant influence of gender on investor behavior by using Chi square test on data gathered from 168 investors through questionnaire.

By examining gender-spawned investment designs within a stock crowd-funding platform situated in Sweden, Mohammadi and Shafi (2018) provide evidence relating to women risk-averse behavior. They shed light on the novel gender-influenced herding behavior suggesting the biasness of female investors toward the capability of other female investors in stock investment leading to copying male investors' decisions. Okech and Mukoba (2016) study tries to find the gender gap among employees in Kenya's listed firms by inferring on the basis of findings that gender gap impacts investing decisions and financial socialization as well as differences in financial literacy play a role in contributing to determine financial behavior across genders. Francis, Hasan, Park and Wu (2015) findings suggest that the interaction between CFO gender and accounting conservatism shows variations regarding numerous company risks for example, litigation risk, default risk etc. Jawaheer and Manual (2016) find significant gender differences in risk tolerance of working men and women in Mauritius, however they couldn't find such differences regarding financial literacy and also investment types.

There are no qualitative current studies on the topic in the existing



literature especially within the context of Pakistani society where religion plays a critical role in shaping people attitudes and behavior in all walks of life. As such, exploration in this research is imperative in making a contribution to the already available global information.

2. Methodology

Fleming, Gaidys & Robb (2002) have outlined a five step procedure to use Gadamer's ideas as a basis for a research work.

A desire to gain in-depth apprehension of a phenomenon leads to Gadamerian tradition. According to Gadamer (1990), this deep understanding is achieved through the essence of the question that opens up possibilities for such understanding.

Discerning pre-understandings is achieved by confronting different beliefs from other researches, peers or traditional texts (Gadamer, 1990/1993). Research processes based on Gadamer's philosophy are developed through researchers identifying their prejudices of the phenomenon. Such reflection will help them to go beyond their preconceptions to comprehend the topic and therefore transcend the horizon.

Gaining information and collecting data don't make appropriate sense in Gadamer's way of inquiry, so the better expression to use is to gain understanding. Researchers are required to develop understanding of the meaning of the text acquired from the participants at this stage of the research process. According to Gadamer (1993), researchers' openness to the opinion of others is important in gaining understanding through dialogue. A discussion between two individuals is not the only conviction of dialogue in this sense, there is also a possibility of dialogue between author and text. Language is foresighted as the intrinsic moment in both of these instances and understanding becomes possible in terms of language (Gadamer 1990).

One point to note here regarding 'text' is that text does not refer to just verbatim interview but also to words taped by the researcher, views written about the interview scene and most importantly researcher's observations of the non-verbal expressions of the participants. According to Gadamer (1990), discourse analysis should be done using the hermeneutic rule by moving from whole to the part and back from part to the whole



continuously. Following a systematic way of gaining understanding enriches with every phase throughout the process.

Just like any other research, researchers using Gadamerian approach are accountable for ensuring the trustworthiness of their projects and the truthfulness of their assessment. The research phases must be definitely identifiable by all the parties involved showing that auditability is a criteria for truth in a qualitative research.

Purposive or theoretical sampling based on the characteristics of potential investor type have been used. The purely qualitative nature of this study confines in describing suitable sample or sample size. It is designed to interview around 10 to 20 participants depending upon the saturation level and their availability within the data collection period. The participants or cases in this research have been selected purposively consisting of equal number of males and females in their Middle Ages. Inclusion criteria have been: (a) Ages between 30 and 70 (b) Both male and female (c) The participants have financial power (d) Involved in investment making activities for more than five years (e) Willing to share his/her experience.

Heidegger believed that individuals perceive every experience in a different way as it is different for each person. Culture and association with others is one example of context for the Existence and provide a means for its discovery (Fleming et al, 2003). According to Heidegger (1926/1962), the presumption-less "I" could not exist as our involvement in the world is already there, we already have a primordial way of knowledge prior to our being conscious of it. Prominent categories of information have been recognized to understand the concept of investment decision making from the perspective of the investor by relating the expressed meanings to their cultural background, tradition, historicity of being, Being and time. The process involves incorporating presuppositions, understanding language, fusion of horizons and relation to temporality.

Ethical considerations required for a qualitative study were followed through with this research. The participants were informed clearly about the objectives before conducting the interviews. They were told that the information provided by them would be confidential and anonymity would be retained throughout the project report. Participants also had a right for withdrawal from the project any time during the research.



The trustworthiness of qualitative research is often criticized by positivistic researchers because of the differences in dealing with validity and reliability of both the research. Distinct procedures subsist for verifying a qualitative study, that facilitate researcher and outside reviewers. These four criteria of trustworthiness include confirmation, credibility, dependability and transferability (Guba, 1981). The data were submitted to a different researcher who looked for identical patterns for confirmability. Moreover, the acknowledgement of researcher's personal opinions and presuppositions about the gender differences in investing safeguards confirmability. The researcher relies more on existing literature and collected data in the absence of firm beliefs or a specific ideology about the topic under investigation.

All the interviews were audio recorded and verified by sending verbatim transcripts to the participants for confirming credibility. Further, they were sent the findings and conclusions for adding their feedback and including their consent in the completed framework. The "hermeneutical circle" is the primary conception of hermeneutic philosophy. Pronounced philosophers regarded it as a multidimensional conception addressing numerous problems associated to the culturally grounded manner of people understanding. This multidimensional nature has helped the term attaining three distinctive meanings: (a) a methodology to interpret a text (b) a philosophy of the research course (c) a general model of the understanding formation process. The third one is the core concept from which the other two meanings have been derived. The first two meanings grapple with the particular implications following from the core meaning. The selection of cases were made on maximum variation criteria ensuring the inclusion of numerous aspects of gender gap among investors. Triangulation was assured by gathering data directly from investors as well as from professional consultants who interact with existing clients and potential investors. Prior research were incorporated to develop the tool and later analyzing the informative data. Additionally, an outside reader had been invited to identify the logic of experience and how it matches his/her personal experience.

The strength of the research depends partly on whether the researcher or other researchers can subsume the results under other data. As



the high credibility also ensures higher dependability, adequate information about the tools and procedure have been provided in the study allowing other people to replicate the research with same findings. Transferability or further verification occurred by analyzing the spontaneous recognition rationally, where the researcher checked whether the patterns fit together in a logical way and also if the same elements could be used to make a completely different pattern. In other words, transferability considers if the results can be applied to the individuals of other backgrounds.

3. Discussion and Analysis

During interviews the focus was on two fundamental questions regarding differences in investing between genders. The first question was about the types of investments and the second was about the factors that influence such investment making decisions. Major differences were found across gender as well as across ethnic groups. Among seven women participants, two are housewives and five are professionals. Besides the formal interviews, researcher talked informally to women in her circle who are housewives and belong to middle class groups of society. Most of them invest in gold or gold jewelry as their first choice of investment. However no male participant is involved in investing in gold. Case 2 shared her feelings, "After I saved enough money I invested in gold because you don't lose by investing in gold and gold prices always increase and also we are allowed to invest in gold from religious point of view." The major factors for investing in gold is their natural inclination toward gold as it could be converted into modern jewelry, gold prices mostly increase, if needed could be sold immediately and also easy to buy and sell. Women passion for gold signifies the importance of gold jewelry in acquiring the social status we perceive as the symbol of prominent personality. Here the socio cultural traditions play a pivotal role in shaping their understanding which drastically differs from men. In Case 14 words:

Surely, I bought it for investment purpose. There is one advantage of investing in gold. Two, not one. Firstly, it is a custom in our society that when married women move in the family and wear gold they are given respect. Secondly, we also keep gold with us if in case there is an emergency you have money in your hand. In banking option, you have to take out money from the bank.



Case ID	Date	Age	Sex	Ethnicity	Religion	Marital Status	Education	Profession	Income	Children	Area
C1	10 Dec. 16	48 years	Male	Sindhi	Islam	Married	MBBS	Doctor		2	Clifton
C2	6 April. 17	41 years	Female	Memon	Islam	Married	Intermediate	Housewife		3	Clifton
C3	15 April. 17	48 years	Female	Urdu speaking	Islam	Single	Bachelor	Beauty Parlour owner		0	PECHS
C4	15 April. 17	47 years	Female	Memon	Islam	Married	Matric	Housewife		2	Clifton
C5	15 April. 17	61 years	Male	Memon	Islam	Married	B.Com	Retired banker		2	Clifton
C6	18 April. 17	38 years	Male	Urdu speaking	Islam	Married	Masters	Professor	70,000-80,000	3	North Nazimabad
C7	3 May. 17	42 years	Male	Memon	Islam	Married	Masters	Lecturer		0	Lea Market
C8	3 May. 17	45 years	Male	Pakhtoon	Islam	Married	MS	Manager		4	Green Town
C9	3 May. 17	35 years	Male	Urdu speaking	Islam	Married	MS	CFO	100,000	0	Gulshan Iqbal
C10	3 May. 17	32 years	Female	Hunzai	Islam	Married	MS	Professor	100,000	2	Clifton
C11	5 May. 17	63 years	Male	Urdu speaking	Islam	Married	ICMA	Lecturer	75,000	2	Gulshan Iqbal
C12	7 May. 17	31 years	Female	Punjabi	Islam	Single	MS	Finance Manager	55,000	0	Clifton
C13	9 May. 17	32 years	Female	Urdu speaking	Islam	Single	Masters	Application support officer(IT)	80,000	0	Kemari
C14	9 May. 17	36 years	Female	Punjabi (Rajput)	Islam	Married	Masters	HR officer (PIA)	60,000	0	Malir Cant

Table 1: Participants Demographics



Investment making require time, energy, knowledge and guidance for deriving maximum long-term benefit. As women are involved in multiple tasks including looking after household, children, job pressures etc. that they perceive evaluating investing opportunities as another responsibility and try to eschew it. Investment in real estate requires a substantial amount of funds, therefore this option is not exercised by many women. However, this is the preferred choice for most men. The factors that influenced investment in property are that the returns are comparatively higher than the returns in other sectors, also investment in property is permitted from religious point of view. Three out of seven male investors have only talked about advantages associated to property related businesses in their interviews.

While talking about investing in saving certificates, Case 14 (female), who is an HR officer at PIA explained, "When I started saving I had a problem that I may spend my saved amount so I started purchasing National Saving Certificates." One woman who belongs to Memon community told that returns on certificates were not the promised amount that changed her future investment decision.

I first invested in gold then in prize bonds, later I experienced investing in National Savings and incurred loss on it. We bought long term certificates for ten years maturity but they called us after six years and told us that rates have fallen.

Another problem with fixed income securities is of religion. Case 6 (male) is a professor at a private university and he describes his experience of becoming suddenly aware of the fact that he had been investing in an un-Islamic way. "Shariah yes, when I came to know that it is un-Islamic, then I even converted my all saving accounts and everything from conventional to Islamic banking."

Just one (Case 3) out of seven women participants experienced investing in stock market and incurred huge loss of nine lac rupees due to 9/11 incident in 2001. That shock resulted in her hospitalization and she had never invested in stock market again. Women due to their low financial literacy are less willing to plan their investment and are thus less successful therefore their participation level in stock market is low (Lusardi and Mitchell, 2008). On the other hand five out of seven male participants have



made investments in stock market. Out of which one got broke. All the others consider it as an exciting experience and actively trade in shares currently. Case 7 who belongs to Memon community talked about the factors that shaped his decision of investing in stock market:

Normally if we invest in other places, they have derivatives like banking sector. I cannot invest there because the biggest issue is, it is not Islamic mode of financing. They have interest factor and on that basis I feel that I should not do this thing so I don't do it. In stock market, my heart is satisfied. Secondly, I have two options, I can make investment of whatever amount I possess and number two I can exit whenever I wish, number three there is no interest factor.

Memons have a liking for stock market and visibly Memons have a sixty to forty ratio in the stock market. In Memon culture, friends' circles are "IN" in the stock market providing a platform for group discussions regarding market rumors and market sentiments and exchanging valuable information that assists in making informed decisions. They consider volatility in the market as a routine feature of the market as if this happens in every business. For them stock market volatility is tantamount to businesses facing ups and downs. Case 7 further expresses his feelings:

You know, I feel that in other places, it is your investment but you cannot take decision. I feel that I have such an ability that I should take my own decisions. If I'm doing investment I should know that when I shall enter the market and when shall I exit.

A few of women participants have also invested in insurance policies. Case 7 bought insurance policy because she was motivated by an insurance agent who was also a family relative even though she was not willing to invest in insurance. Case 2 and Case 10 (females) are the only participants who invested in prize bonds. Case 2, a housewife took prize bonds in the hope of getting huge some of prize money, however Case 10 who is a professor just wanted to bound her money somewhere.

The female investors (non-working women) preferred modes of investment by rank are gold bars, gold jewelry, saving certificates, and prize bonds. The rational for keeping gold jewelry and not gold bars for investment purpose is the satisfaction provided by jewelry. Working women



preferences are low scale property investment, gold jewelry, saving certificates, insurance policies, stocks, vehicles etc. The preferred modes of investment for male investors are stocks, real estate, vehicles, insurance, saving certificates and seasonal business contracts.

Investment making is a time when a person thinks about future returns which he can utilize for children and further for old age. Investment allows your money to grow over time creating wealth in the long run. Whenever individuals start saving at some point in time in their lives, they wish to invest it somewhere, where there investment is safe. Security is most important for them especially security of their initial amount. Gaining respect in the societal groups, inner satisfaction, passion for some investment choices are a few other reasons of investing.

The major dominant category that emerged in this study is religiosity that occupies more space in a person's life in the context of our socio-cultural and traditional background historically, given more time. The main theme that emerged in participants' conversation is religiosity. Men give more significance to ethics and religion than women in the context of our cultural beliefs. Their conversation entails the impression of religious awareness development over the passing years always derived from others. Typically, Case 1's investment making decision evolved through time paying more attention to religious attributes than any other factors into account.

For most participants, assessing risk was worthwhile before taking an investing decision. It is also observed that attitude to risk evolve over the period of time as needs change and individuals capacity of affording losses varies. Clearly, human beings are risk averse by nature but risk exposure is dependent on time, situation and sometimes on the intensity of need. As Case 6 (male) expresses how his decision to invest in a risky venture was contingent upon the circumstances at that time.

Because most of the amount was spent. Daily expenditure of my father was around, a lot. He was in the ICU of a private hospital for six months. You can imagine the rest. I just put everything into it. I was left with the small amount of cash so I wanted to invest it somewhere where I could get good return.

One important theme that emerged is related to people reliance on



word of mouth. Word of mouth is doubtlessly believed to be a strong business driver. In most situation it may impact both positively and negatively. The negativity of the situation is heightened and significantly impacts investment decision making mostly by women. The word of mouth explains some portion of women low participation in shares business. The participants' conversations reveal that their decisions were largely influenced by people close to them but with time passage they shifted to self-reliance in making investment choices.

The following table shows the investment share of the participants by percentage over the period of time with apparent gender gap in investment choices.

Case ID	Sex	Gold	Shares	Real Estate	Ve-hi-cles	In-sur-ance Poli-cies	Sav-ing Cer-tifi-cates	Sea-sonal Con-tracts	Prize Bonds
C1	Male	0	10%	40%	30%	20%	0	0	0
C2	Fe-male	20%	0	0	0	0	60%	0	20%
C3	Fe-male	10%	20%	50%	0	0	20%	0	0
C4	Fe-male	100%	0	0	0	0	0	0	0
C5	Male	0	100%	0	0	0	0	0	0
C6	Male	0	40%	0	0	0	60%	0	0
C7	Male	0	100%	0	0	0	0	0	0
C8	Male	0	0	60%	0	0	0	40%	0
C9	Male	0	100%	0	0	0	0	0	0
C10	Fe-male	0	0	0	50%	40%	0	0	10%
C11	Male	0	20%	60%	0	0	20%	0	0



C12	Fe- male	o	o	60%	o	40%	o	o	o
C13	Fe- male	100%	o	o	o	o	o	o	o
C14	Fe- male	30%	o	40%	10%	o	10%	o	10%

Table 2: Shares of Investment

Through discourses, it was amazing to note that even well educated people don't know about the existence of financial institutions and the products offered by them. When women participants were asked, what were the reasons for investing in fixed income certificates as there are many other options available or they could have invested in profitable securities or stock market. They only had one reply that they did not have awareness that they utilize extra energy on stock market or other places so they thought to buy certificates as then their money would be bound.

Literature supports that motivation by people who have attained financial security through successful investments is an important factor influencing investment decision. This research has discovered that people in our society are hesitant to talk about their successes and portray a picture of troubles faced by them through their investing experiences. The negative aspects of their narratives affect the people more than the stories of their accomplishments.

Conclusion

This research has been conducted to find investing differences across genders. Varied structures have been identified not only between genders but also among ethnic groups. Most of the Pakistani women either working or housewives spend their savings in buying gold bars and gold jewelry. Women also invest in fixed income securities and to some extent in buying insurances on the insistence of insurance agents that happen to be family relatives. The participation of women in stock market is very low. On the other hand as opposed to researcher's perception most male investors invest in equities. Property is their second preferred mode of investment provided they own sufficient funds. Typically businessmen don't invest in projects, where they have to face liquidity issues so that they can transfer



their savings whenever a profitable opportunity arises. Vehicles, insurance policies, defense saving certificates and seasonal business contracts are some other choices.

Another interesting point is the role of religion in men's investment making decision. That was also a surprising finding for the researcher but after evaluating the behavior of female participants, it is assertive that specific class of Pakistani women don't give as much consideration to religious restrictions as Pakistani men. The research has also concluded that all men belonging to Memon community invest in shares and it is considered as a part of their culture. They have the strongest social circle and they have a routine of having group discussions on daily stock market situation. As the researcher lives in an area heavily populated with Memons, so she had the opportunity to closely observe their regular activities. Although, they actively participate in stock market they don't provide decision making power to their women and they mostly invest in gold like other Pakistani women. Men from other ethnic groups such as Sindhis, Urdu Speaking, Punjabi and Pakhtoon also participate in stock market but not as actively and successfully as Memons.

Most recent studies provide evidence for the differences in investment decision making and risk-taking behavior between men and women. Such assumptions call upon our concern requiring applicable policy interventions which can be designed in an effective way by identifying the factors responsible for such differences. Identification of the causes of such differences is a daunting task because the decision-making process itself is usually not observable, what we can see is the outcomes of those decisions. This problem is not only of significant concernment for policy makers but also for planning sponsors and professionals providing investment information to their clients. This study recommends the mooted policy initiatives and dialogue in a manner to increase women trust in equity investment. Furthermore, women should be supported to be financially literate to eliminate gender gap in investing decisions.

Phenomenological hermeneutics is both a descriptive methodology as it requires things to speak for themselves as well as an interpretive methodology as it asserts that there is no such thing as un-interpreted phenomena. In the hermeneutic interpretations of the participants of the study,



the underlying prominent cultural perspectives in the investors' self-interpretations are recognized and associated to the cultural orientations of peer influence, profitability and religiosity. The role of broader cultural and historical contexts in shaping the behaviors is also manifested at all phases. As compared to developed countries where cultural conceptions about gender have largely transformed, in our culture, women identity is still an issue of great concern. Men have liberty to take their decisions in investment making scenario, on the other hand women don't think about profit maximization as their primary goal as they are too effete to take risks. As women are more risk averse than men because they know they will have to face family criticism in case of losses, they tend to invest in government securities with fixed income.

Lack of awareness, lack of family support, domestic violence, fear of retribution, absence of alternative means of financial support, concern for their kids, emotional attachment are some reasons that play profound role in the development of women personality in our society.

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Öz: Yatırım yapma yolları arasındaki cinsiyet eşitsizliğinin nedenlerinin anlaşılması, yalnızca verimli stratejiler tasarlamada politika yapıcılara değil, aynı zamanda finansal piyasa faaliyetlerinde ayrılmaz bir rol oynayan komisyonculara, bayilere ve finansal oyunculara da yardımcı olur. Bu çalışmada, yatırım kararlarına ilişkin görüş farklılıklarına yol açan faktörleri anlamak için Gadamer fenomenolojik hermenötik yaklaşımı kullanılmıştır. Yedi erkek ve yedi kadından on dört görüşme yapılmış, tamamı yetişkinler ve Gadamer'in hermeneutik çemberi, yorumlayıcı bakış açılarının kaynaşması için uygulanmıştır. Sonuçlar, erkeklerin ve kadınların gerçekten farklı yatırım yaptığını ve kârlılık ve dindarlık gibi iki ana temayı şekillendirmede sosyo-kültürel geleneklerin baskın olduğunu gösterdi. Dindarlık, toplumumuz ve kültürümüz bağlamında mevcut literatürde görülmeyen yeni bir kategori olarak ortaya çıkmıştır. Pakistan'da belirli bir sınıfın yatırım yapma stratejilerini şekillendirmede din en önemli faktör olarak kabul edilir. Belirgin farklılıklar sadece cinsiyetler arasında değil, aynı zamanda ülkede yaşayan çeşitli etnik gruplar arasında da görülmektedir.

Anahtar Kelimeler: Cinsiyet eşitsizliği, fenomenolojik hermeneutik, Gadamer, hermeneutik çember, yatırımcı davranışı.



