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## Impact of Women Behavior on Financial Decision Making

By Sadique Hussain, Saadat Ali, Muhammad Ibrahim, Waqas Balouch,  
Muhammad Yousouf & Abdul Ghafoor

*Bahauddin Zakriya University Bahadur Campus Layyah, Pakistan*

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Design/methodology/approach the target population for this research is the working women of the different private and the public organization of following district of southern Punjab (Layyah, D. G. Khan, Rajan Pur, Muzaffar Garh). The questionnaires in 120 quantities were distributed to get the response. In order to revile the research results the correlation and regression analysis were made by using SPSS software.

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**GJMBR - C Classification :** *JELCode : G01, G02*



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Sadique Hussain<sup>α</sup>, Saadat Ali<sup>σ</sup>, Muhammad Ibrahim<sup>ρ</sup>, Waqas Balouch<sup>ω</sup>, Muhammad Yousouf<sup>¥</sup>  
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**Research findings** the research results showed that there is positive significant relation among all the research variables.

**Originality/value** for the knowledge of the reader this is original study and no any portion has been copied from anywhere to determine factor that impact on the decision making.

**Implications** the managers and policy makers can use the research results in order to improve financial and economic outcome for women.

**Keywords:** risk level, self-confidence, traits, decision strategies.

## 1. INTRODUCTION

We make every types of decision with the help of our sense, knowledge and experience; we select the several alternative situations. Men and women have huge difference between themselves (Orasanu and Connolly, 1993). (Narayan and Corcoran-Perry, 1997) stated that the decision making process is considered as the interaction between a problem that needs to be solved in the specific environment. For any individual's life financial decisions are very important for the purpose of living. According to the (Mohan and Chen, 2004; Levi and Zhang, 2008; Huang and Kisgen, 2013) that in view of the past, men as well as women make these decisions but the women decision making strategy is vary from the men decision strategy and it also strongly impact on the investment and financial decision. By seeing the corporate level we find out that the executives female are different from the male executives. (Powell and Ansic, 1997; Borghans and Golsteyn et al. 2009) argue that naturally, the groups of

the girls or women are relatively low risk taker as compared to men.

In the current area of global environment, we have to face the different problems and we try to find out their solution or decision to tackle it. The decision making is process of choosing from two or more alternatives. Decision making is a complex task as individual, group or team. It matters whether we are consumer or manufacturer and investor or producer even in every filed or professions, we need to make decision for survival of human being. As investor we make decision, where to invest? And how to invest? When to invest? And which gives us more return in shape of profit. These types of decision, making abilities may differ from gender to gender. For example female or male use different decision making strategies or have different traits, different level of risk taking and different confidence level. The research indicates female are less risk seeking then a male (Melanie & David, 1997).

The gender differences exist when decision making is financial and the personal decision making (Johson & Powell, 1994). These studies provide the interesting facts such as women are more conscious, less ability to take decision on spot, less aggressive and can be easily to influence and not having the good leadership and intellectual abilities as compared to men. But the other studies indicate that female and male are equal to accomplished the task under the same level of uncertainty (Hudgens & Fatkin, 1985, Johson & Powell, 1994) and equal capability to handle the complex information and same response to given situation, (Stinerock et al, 1991, Hyde, 1990).

One study indicated that female are more risk averse then male (Hydgen and Fatkin, 1985). Women have little confidence when make critical decision regarding financial matter and seek more advice from others (Estes & Hosseini, 1988; Stinerrock et al, 1991, Zin-khen & Karade, 1991; Master, 1989).

In this paper we will explore about how women are different from men, when make critical decision regarding financial matter. They are different on the basis of personality traits, preference for risk level and advice from other, self-efficiency or confidence on their personal abilities and choice of decision making strategies as compared to men. The psychologist indicated women differ from man on the contextual factor rather than choose conservative investment

**Author** α σ ρ ω ¥ § : Department of Business Administration, Bahauddin Zakarya University Bahadur Campus Layyah, Pakistan.  
e-mails: sadiqhance@gmail.com, ibrahimkhanleghari@gmail.com, Waqaskhan8477@yahoo.com

strategies and low risk portfolio (N. Jiankoplos & A. Tversky, 1998).

Our research paper have different section first section is about current and past view of the different researcher and second sections focus on methodology and theoretical framework, third section analysis and finding, last section focus on conclusion and references.

The question which is the most important in the investment behavior of gender difference may also be considered his background (Jianakoplos and Bernasek, 1996, Barsky et.al., 1997, Powell and Ansic, 1997), but also against it (Schubert et.al., 1999) also an argue related by that is provided by the (Barber and Odean 2001) that women on the average, are less confident than men.

Whenever we determine the differences of male and female then find out number of similarities as investors. When the difference come up they emerge to be shaped social and demographic factors like education, employment status and the condition of monetary. Barua, Davidson, Rama, Thiruvadi (2010), Peni & Vahamaa (2010) find that Women are less confident in taking part in a best-interest decision making but when they make the decision about the financial matter then they lose their confident and seek advice from the other and take the information and also afraid they not be wrong .

The main purpose of this paper is to discover the role of female in financial decision making and also to measure the way in which women show a common traits of risk-seeking less behave than men in the financial decision. We provide evidence that the in practices of the financial reporting are differentiate in context of decision making between men and women. Further we investigate that when the level of the risk are increase or decrease that highly impact on the women decision strategies. Now a day, we can determine that there is differentiate gap between the female and male regarding about the financial decision making and the capabilities of investment. According to this research the risk aversion says that the female behave different from the males in the risk handling and the risk taking investment. The orientations of the male and female are different outlooks.

## II. RESEARCH OBJECTIVES

The main objectives of this research are to find out the impact of women behavior on the financial decision making with specific intention of following aims.

1. To know the impact of Risk on the financial decision making.
2. To identify the impact of confidence level on financial decision making.
3. To find out how decision strategies are impacting on the financial decision among the women.

4. To develop the theoretical framework from the literature reviewed.

## III. LITERATURE REVIEW

### a) Risk level

A believe of stereotype that less risk-averse are found in the women because they discriminated against equally to the men by seeing the jobs with concept of economic controlled conditions, risk decision less or more to gender issue not related while having the decision edge itself (Schubert, Brown, Gysler, Brachinger 1999). According to (Beyer and Bowden, 1997) that overconfident are less in women when domain males oriented are more & there are more men in the financial market then women. Women are considered to be more conservative investors offer by the broker investment which has less risk (Wang, 1994). A supporting evidence provided by the (Grosman and Eckel, 2001) that women have the expectation of more risk averse by men. A significant differentiation found in gender that the lower risks are supported by the women when asked about their attitude about financial risk (Barskey et.al., 1997).

It is stated both in business and general literature that female prefer the lower risk taking whenever they make the decision (Estes and Hosseini, 1998; Stinerrock et al., 1991; Zinkhan and karande, 1991; Masters, 1989). According to (Sexton and Bowman, 1990) that female entrepreneurs having the low score of energy and risk level, while when they published the norms they have relatively high score. The evidence provided by the (Diskson, 1982) that founding of the lower preference of risk in the female is more whenever they facing the situations of losses than men and equal to the men whenever they are facing the gains.

*H1: financial risk level has positive impact on the women financial decision making*

### b) Confidence level

By seeing the financial decision-making confidence level received much attention in empirical and analytical studies (Odean, 1999; Gervais and Odean, 2001, Daniel et. al., 1998). Bengtsson, et al (2004); Beyer and Bowden (1997) provided evidence in the overconfidence gender difference occurs through the numerous studies and in the men and women overconfidence is characteristics found in both but the less overconfidence are display by the women about financial decision than do men. Confidence level of the men and women depend on the uncertainty perceived and complexity of the task, can it her decrease or increase. In the life of the women whenever perceiving uncertainty is high then decreasing overconfidence and increase with the complexity of task Dittrich et al (2001).

According to the Graham et al (2002) the reason behind the less overconfidence in the financial decision making of the women that is they are not like to involved in that issue which is related to financial matter and women mostly postpone the financial planning. An evidence of the earlier studies provided by the Lenney (1997) that according to the self-confidence the gender difference depend on the decided and clear feedback and in the stock of market feedback is ambiguous. The expectation is that women are to be less-confident than man regarding about their ability for the common stock investments decision making.

The powerful and simple justification for the trading which have high level on financial markets is argue by the conceptual factor that is overconfidence. The determination by the psychologist that causes of overconfidence is to underestimate their level of risks, overestimate their knowledge (Powell and Ansic, 1997). According to the Estes & Hosseini(1998) that the confidence impacts on investment decision. About financial decision the women are lower confidence after controlling for factor such as experience, age, education, knowledge, and asset holding. According to the Stinerock et al. (1991) women become more nerves when they make the financial decision and select the option which have the lower degree of the risk also using the financial advertiser for achieving the strong desire. An evidence provided by j. Klayman et al (1999) that depending on the abilities, knowledge, and their future prospects human become overconfident.

*H2: confident level has a negative impact on the women financial decision making*

### c) Traits

An Evidence is provided by the Powell and Ansic (1998) that uncertainty aversion are more in women than men irrespective of familiarity, costs or framing & sometime we conjecture result within experiments of risk as well as between ambiguity and risk experiments may cause by second traits that discriminate influence are found in men and women. It is described by the Jianakoplos and Bernasek (1998) that declining in the risk aversion by the women is due to increasing of the wealth & also originate those women aversion of risk related to wealth is not negatively. Also establish that leading the lower risky assets investment than risk free assets investment high risk aversion are found in the women as compare to the men . By seeing the earlier studies that women confident and risk aversion are less due to not clarification of difference and argue with the help of selectivity model that the biases of the gender behavior regarding investment . They further explain that men have less comprehensive about the information processing then women Graham, Stendard, Myers and Graham (2002). They also describe that facing the task which have the lower competency male are efficient regarding about the

information processing while facing the high competency task women are more efficient in dealing Graham, Stendard, Myers and Graham(2002). According to the Beckerman and Menkhoff (2008) that women follow the less holistic process in information processing then men while on the other hand male not follow the detailed information processing system. Women having the authority of the finance managers face less risk aversion then man and regarding about her confidence level there is not any differentiation is found in the men and women. Female fund managing authority avoid the competition, however the gender differences reduce the financial expertise but does not whole decline it. An argument is provided by the w.G et al (1977) that women spend less time and money on the security analysis, rely more on their brokers, entering the less transaction, and also believe that the return will be less predictable, also with lower anticipated return than do man. So in this way women behave less overconfident in investment than do man. According to the j. Klayman et al (1999) that depending on the abilities, knowledge, and their future prospects human become overconfident but also involvement of their knowledge and judgments regarding about the financial decision making. However the confidence level exhibited by the women is different from the men investors. Barber and Odean (2001) say that a person who trades more has the more confident then individuals with the financial decision making.

All those investors who are rational trades the transaction costs are less than expected gain. The precision of information overestimate by the overconfident investor and so in this way they always the trading gain also when the net gain becomes negative according to the true expectation they may even trade (Berggren, J. and Gonzalez, R. (2010). In business decisions making the specific journalism on traits differences exist in management decision involving of risk and explain women are less violent. Wary less confident, lower quality of the leadership, easier to convince and problem solving abilities when making decision under risk compared to men, Johnson and Powell (1994). By study of the various traits in men and women we examine that attitudes and behavior against risk become vary and the freedom choice and financial decisions making (Bromiley and Curley 1992). In case of the specific context there should not explanation of gender difference as general traits. By depending on the numerical information male make the decision for the long time under the risk then the female, but by seeing the visual patterns, also consisting of view female made decision. Superior numerical and verbal skills of man and women are equal (Hudgens and Fatkin: 1995)

*H3: Personality traits have positive impact on the women financial decision making*



#### d) Decision strategy

According to the Orasanu and Connolly (1993) that decision making process is a series of experience operations done with consciously, the elements that have role that is specific place and time. Narayan and Corcoran-Perry (1997) state that the decision making is interaction between a person who wishes to solve and a problem for need of solution with also specific environment & due to greater social sensitivity women are perceived as great social risk takers and able to handle social uncertainty (Hoffman, Kessler, Eppel, Rukavina, & Traue, 2010), these expressions are very briefly showed still (Hall & Matsumoto, 2004). In the selection there is present of gender difference between several risky prospects but the less risky prospects are indicate by the women (eckal and Grossmann, 2001), but when asking the strategies and attitude towards financial risk, women report show lower risk strategies than men (Barsky et.al., 1997).

According to powell and Ansic (1998) that man have less uncertainty averse than women irrespective of familiarity, framing or costs and their strategies are different from the women, environment affect are more on the women in the decision making situation, women look for the more information, and dedicated more time to process of decision making ((Gill, Stockard, Johnson, & Williams, 1987). men are more dominant, assertive, objective and realistic in the decision strategies (Wood, 1990). Barber and odean (2001) say that a women who did more trade have more strategies of decision making against other who have not practices

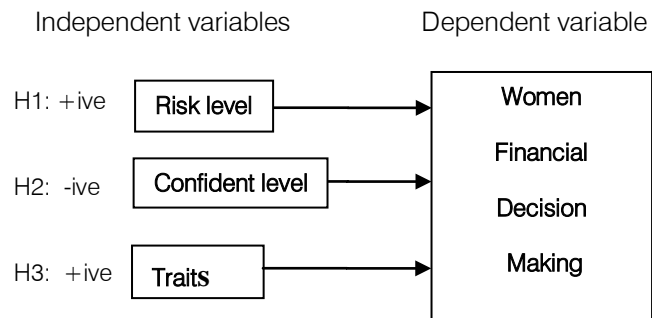
### VII. METHODOLOGY

Our research paper focus on the different aspect of women behavior in different organization, but our target population is private and public sector in the western Punjab (Iyyah, D. G. Khan, Rajan Pur, Muzaffar Garh). The sample size of our research paper is 120 were distributed to get the response, but correct 100 questionnaires are received for putting of the data and all 100 respondent questionnaires are used for the analysis of the data. The development of the

questionnaire consists of the 31 different types of the questions on different behavioral aspect of women, there are four variable in which one is the depended variable and three are the in-depended variable include (risk level; which consists on the 9 different types of the questions, confidence; which consists on the 9 different types of the questions, traits; which consists on the 7 different types of the question and the decision strategies; which consists on the 8 different types of the question). We use the data collection by the questionnaire at the spot filling, e-mail, posting, by source of friends to the different of the southern Punjab. For data analysis and interpretation we use the SPSS-16 and use the correlation and regression analysis

### VIII. THEORETICAL FRAMEWORK

Theoretical framework is actually a propose research model which shows the relationship among the independent and the dependent variables. In this theoretical framework risk level, confident level and traits are the independent variables and the women financial decision making is the dependent variable. This model also indicates hypothetical formulation among independent and the dependent variables.



### IX. RESULT ANALYSIS

To attain the research results the correlation analysis was done. The table below shows the different relationships among the dependent and dependent variables.

Correlation analysis

Table 1

	risk_level decision making	confidence_level	Traits	women	financial
Risk_level	Pearson correlation Sig. (2-tailed) N	1 100			
Confidence_level	Pearson Correlation Sig. (2-tailed) N	.480** .000 100	1 100		
Traits	Pearson Correlation Sign.(2-tailed) N	.244* .014 100	.546** .000 100	1	

Women financial	Pearson Correlation	.763**	.898**	.438**	1
Decision making	Sig.(2-tailed)	.000	.000	.000	
	N	100	100	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis values among variables Risk level, self-confidence, Traits and Decision strategies are given in above mention table 1. The significance value ranges from 0.05 to 0.01. The correlation results are analyzed according to formulation of hypothesis.

*H1: financial risk level has positive impact on the women financial decision making*

The correlation results according to table 1 show that there is positive significant relationship between financial risk and financial decision making. The correlation values are 0.763\*\* at p= 0.000. This research result also satisfied the research hypothesis that financial risk level has positive impact on the women financial decision making.

*H2: confident level has a negative impact on the women financial decision making*

The correlation value 0. 898\*\* at p= 0.000 clearly defines that there is positive significant relationship between confident level and women financial decision making. The research result regarding the impact of confidence level on women financial decision making does not satisfy the proposed research hypothesis which is as confident level has a negative impact on the women financial decision making.

*H3: Personality traits have positive impact on the women financial decision making*

There is positive significant correlation between personality traits and women financial decision making, as it is indicated by correlation result which is 0. 438 \*\* at p= 0.000 mention in table 1. This result also satisfies the research hypothesis which is Personality traits have positive impact on the women financial decision making.

## X. CONCLUSION AND RECOMMENDATIONS

To research the women behavior on financial decision making is quit new area of research in the field of economics and finance. This research is at very early stage so lot of work remains to be done in future. Till dated no research has given very clear understanding regarding the women behavior on financial decision making. So this research will contribute for mangers and policy makers to motivate and create such strategies to improve the financial and economic outcome of women. This research showed that only confidence level is the factor which is disturbing the women in financial decision making as research proposed hypothesis was

not satisfied with the resulted outcome. The managers and policy makers must take into account this factor while making the strategies. The other two factors like Personality Traits and Financial risk are quit suitable showed helpful positive relationship in this particular geographic and demographic environment. The research limitations are small geographic area and small sample size. The future researchers can include more geographic area and large sample size and can study more thoroughly and therefore the research results and discussion may vary.

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