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   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

**CONTRIBUTIONS TO BOOKS**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

**JOURNAL AND OTHER ARTICLES**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

**UNPUBLISHED DISSERTATIONS AND THESES**

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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**WEBSITES**

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

# ROLE OF GENDER DIFFERENCE IN FINANCIAL INVESTMENT DECISIONS: A QUANTITATIVE ANALYSIS WITH SPECIAL REFERENCE TO RISK AVERSION AND OVERCONFIDENCE APPROACH AMONGST MANAGEMENT GRADUATES IN LUCKNOW CITY OF UTTAR PRADESH

*DR. VIVEKANAND PANDEY*
*PROFESSOR*
*SHERWOOD COLLEGE OF MANAGEMENT*
*LUCKNOW*

## ABSTRACT

*There is a current debate in the literature as to whether females are more risk averse than males and Vice versa. It is a common belief that females are more risk averse than males. This becomes a problem for females in two situations: retirement funds and careers. According to Bruce (1995), 80-90% of females will be responsible for their finances at some point in their lives. Since females are perceived to be more risk averse than males, investment brokers tend to urge females to invest in less risky portfolios, which results in lower expected returns (Wang, 1994). This becomes a huge problem as females tend to outlive males and will need more funds than males to support themselves throughout retirement. The proposed research study concentrates on gender differences in risk aversion and over confidence in investment decision making. We find that little study has been carried out in Lucknow in terms of risk aversion and overconfidence in relation to genders and financial decisions making. This study is aimed to contribute to this field through surveying a target population of Lucknow city. Our main purpose is to gather knowledge about how gender affects financial decisions. The research concludes that frequency of investment in female is lesser when compared to the male. Hence, we can say that the gender has a major effect on the investment decision making. Female are more conservative than their male.*

## KEYWORDS

Role of Gender Difference, Financial Investment Decisions, Risk Aversion, Overconfidence Approach.

## 1. INTRODUCTION

Finance can no longer be considered just as a science of numbers. In practice, investment making decisions are not always consistent with the assumptions made by eminent financial analysts and techniques learnt in the books. Behavioral finance has developed as standard finance and could not explain the reasoning patterns of investors, including the psychological processes involved and the extent to which they influence the investment making decisions.

Since times immemorable gender differences have existed across countries and cultures and have been researchers' cynosure in almost every endeavor of human civilization. In the field of behavioral finance, academicians and researchers have studied the gender differences and their empowering impact on the investment decision making of individual investors. Around the world this gender influence has dramatically increased the concern of financial advisors and companies which has created opportunities for these organizations to re-evaluate their approaches towards individual investors.

There is a current debate in the literature as to whether females are more risk averse than males and Vice versa. It is a common belief that females are more risk averse than males. This becomes a problem for females in two situations: retirement funds and careers. According to Bruce (1995), 80-90% of females will be responsible for their finances at some point in their lives. Since females are perceived to be more risk averse than males, investment brokers tend to urge females to invest in less risky portfolios, which results in lower expected returns (Wang, 1994). This becomes a huge problem as females tend to outlive males and will need more funds than males to support themselves throughout retirement.

In addition, not all females may be more risk averse, but brokers are assuming without question that females would prefer to invest their assets in less risky options. Second, since females are perceived to be less risk-prone than males, there is a glass ceiling on how they are able to climb the corporate ladder (Johnson and Powell, 1994). Females may not be able to be promoted to the same levels as males because the position requires risk-taking and it is believed that females will not be capable of handling such a position.

Prior research on gender and risk aversion shows mixed results. There are many sources that show females to be more risk averse, but since the 1980s there have been many studies done that show females take similar risks as males. Given the discrepancies in the results found, the proposed study conducts a study on financial investors to provide some insight on what factors affect risk aversion and whether or not it is truly gender-related. I hypothesize that risk aversion is affected by financial knowledge, financial experience, and wealth. When controlling for these factors, I expect that males and females will exhibit similar levels of risk. When they are not controlled for, females will demonstrate more risk aversion than males.

## 2. AIM AND OBJECTIVES OF THE RESEARCH

Male and female have difference in their outlooks and orientations. The proposed research study concentrates on gender differences in risk aversion and over confidence in investment decision making. We find that little study has been carried out in Lucknow in terms of risk aversion and overconfidence in relation to genders and financial decisions making. This study is aimed to contribute to this field through surveying a target population of Lucknow city. Our main purpose is to gather knowledge about how gender affects financial decisions. We also aim to:

1. To gain knowledge about key factors that influence investment behavior and ways these key factors impact investment decision-making processes among men and women.
2. To develop and further explores types of educational processes and materials that can transform investment behaviors among women.
3. To determine gender that can really affect financial decisions.
4. To investigate the relationship between risk aversion, gender and overconfidence.
5. To seeing the Impact of Risk aversion and overconfidence behavior in financial decision making

## 3. LITERATURE REVIEW

In order to explore the objective of the present study a literature review has been conducted. In the literature review earlier studies and articles related to behavioral finance have been read with a view to gain theoretical knowledge in the field of study and formulate hypothesis. Several studies have examined the linkages between gender and behavioral finance biases. Here an attempt is made to look at how gender, risk aversion and overconfidence may affect the investment decision making of the individual investor.

Personal financial risk aversion & overconfidence are an important concept with many practical implications in every money matters. For an investor, understanding these concept helps to determine the appropriate risk and return parameters of an investment portfolio so that the investor's investment plan and strategy are sustainable. Understanding one's risk aversion and overconfidence capacity also help to clarify the difference between one's willingness and one's capacity to take risk in everyday financial matters.

The purpose of this study is to determine if gender can really affect financial decisions. We find that little study has been carried out in Lucknow in terms of risk aversion and overconfidence in relation to genders and financial decisions making. We investigate the relationship between risk aversion, gender and overconfidence. This study is aimed to contribute to this field through surveying a very narrow target population.

**OVERCONFIDENCE**

One of simple and powerful justification for high levels of trading on financial markets is given by a psychological factor namely overconfidence. Psychologists have determined that overconfidence causes people to overestimate their knowledge, underestimate their risks and exaggerate their ability to control events. Confidence in investment decisions is strongly affected by gender. Women tend to show a lower degree of confidence than men [Powell and Ansic1997]. A rational investor only trades if the expected gain exceeds the transactions costs. An overconfident investor overestimates the precision of his information and thereby the expected gains of trading. He may even trade when the true expected net gain is negative [Berggren, J. and Gonzalez, R. [2010]].

Researchers have shown that human beings are overconfident not only about their abilities, their knowledge, and their future prospects but also about their judgments and knowledge regarding financial decisions [J. Klayman et al 1999] [Dittrich et al [2001]. But the level of confidence exhibited by male investors may be different from that of female investors. One can say that the more a person trades the more likely the individual is to be confident with financial decisions [Barber and Odean 2001].

Among the earlier studies Lenney [1977] reports that gender differences in self-confidence depend on the lack of clear and unambiguous feedback. Feedback in the stock market is ambiguous. Therefore there exists all the more reason to expect men to be more confident than women about their ability to make common stock investments. Lewellen, W. G et al [1977] reported that men spend more time and money on security analysis, rely less on their brokers, make more transactions, believe that returns are more highly predictable, and anticipate higher possible returns than do women. In all these ways, men behave more like overconfident investors than do women. The main problem with women being less overconfident in financial decisions is that they are more likely to avoid financial issues in general and that women are more likely to postpone financial planning [Graham et al 2002].

Additionally, overconfidence can either increase or decrease depending on the complexity of the task and the uncertainty perceived with the task. Overconfidence increases with the complexity of the task and overconfidence decreases when the perceived uncertainty is high [Dittrich et al 2001].

Hence, gender differences in overconfidence have been illustrated in numerous studies. Overconfidence is a characteristic found in both men and women; however, women have a tendency to display less overconfidence about a financial judgment than do men [Bengtsson, et al 2004; Beyer and Bowden 1997]; [Ricciardi and Simon 2000]; [Barber and Odean 2001]; [Powell and Ansic 1997], [Lundeberg et al [1994]].

**RISK AVERSION**

Risk aversion is affected by financial knowledge, prior financial experience, and wealth. Meyers-Levy [1986] suggested that females are more comprehensive information processors than males. Females attempt to use all available cues and information whereas males use heuristics, focusing on single inference and highly salient cues. While both genders categorize information for ease of processing, males tend to use broad categories with few subcategories while women use more subcategories reflecting relatively detailed distinctions. This suggests a benefit for females in dealing accurately with more complex products and more detailed information.

Prior studies on gender and risk aversion show mixed results. Hersch [1996] put forward that there is considerable evidence that women exhibit greater risk aversion not only in their financial investments but also in other activities including such activities as smoking and seat belt usage. In the same vein the most predominant findings in the academic literature seems to show that there is a tendency among women to have a higher degree of risk aversion than men [Jianakoplos and Bernasek, [1998] and [Sundén& Surrette 1998] and [J. Berggren, and R. Gonzalez, 2010].

V. L. Bajtelsmit at el [1999] and Powell and Ansic [1997] examined how gender affects asset allocation in retirement pension accounts. The study found that there are relative gender differences in the allocation of investments in retirement plans. Their final conclusion was that women exhibit a greater relative risk aversion when choosing the allocation in their retirement savings account.

Bernasek and Shwiff [2001] found that women were more conservative than men when allocating assets in their retirement account. They conclude that gender differences are a significant factor in explaining individual investment decisions.

On the other hand R. Schubert, et al [1999] found that women, under controlled economic conditions, generally do not make less risky financial decisions. They examined investment and insurance decisions as well as abstract gambling decisions and presented evidence that does not support greater risk-averse decisions for women on the basis of experimental evidence. In addition to the contradictory findings, Sundén [2004] found that married women tend to take more risk in their premium pension portfolios than unmarried woman.

Women with fewer tendencies toward overconfidence in investment decisions usually display an increased risk aversion compared with men [Graham et al 2002]. In addition, the lower tendency toward overconfidence could lead to more thoughtful and informed investors since women with less confidence in financial investments would be likely to consider all information available and to ask more questions [Graham et al 2002].

A study by M.M. Pompian and J.M. Longo, [2004] yielded many statistically significant insights by identifying which personality types and genders are susceptible to behavioural biases and suggesting investment programs that mitigate the ill effects of these biases. Broadly, their findings showed that many personality types and both genders are differentially disposed to numerous behavioural finance biases. They suggested that personality type and gender can be used to create an investment program that will compensate for behavioural biases.

To sum up, it can be said that researchers over time have indicated that significant differences occur in decision making depending on the gender of the individual. There seems to be tendencies for women to be less confident in their decisions and more risk averse than men. The present study is intended to show effects of gender differences on risk aversion and overconfidence in investment decision making.

## 4. RESEARCH METHODOLOGY

This research is to examine what factors affect risk aversion and overconfidence and also whether or not risk aversion and overconfidence is gender related. This section provides a detailed discussion of the data collection, the hypotheses. I propose, as well as the specific measures and method of analysis.

**DATA COLLECTION**

Primary data will be collected through a structured questionnaire to allow for an empirical assessment of problem under consideration. A narrow sample, explicitly 50 Management students conveniently would be selected and administered a behavioral finance questionnaire. Enough care would be taken to ensure that the respondents belong to age group of 20 years to 30 years, and should be well educated studying in Management course in a reputed college in capital city of Uttar Pradesh i.e. Lucknow. All responses may be anonymous, but the respondents would be requested to list their gender.

The purpose of the questionnaire is to distinguish general tendencies related to the theories underpinning the research. We will examine gender differences through presenting respondents of both genders with identical questions. The questions in the questionnaire will be selected from previous surveys presented in the literature.

Secondary data will be collected through various sources of articles, books and web pages, to provide a wider perspective studying an area where we know little. The secondary sources will be used which allow us to apply the deductive method in order to derive hypotheses to be tested. The results by secondary sources can also be used to complement the result those will be obtained from this research. In our research we will gather information and literature from articles, books, webpages and previous studies related to our subject of choice.

**DATA ANALYSIS**

The primary data was collected from respondents through questionnaire for the research and analyzed using Statistical Package for Social Sciences (SPSS) and SYSTAT. Chi-square seems to be the most appropriate statistical tool which could justify the purpose and hypotheses of the study. For the chi-square test a 95% confidence interval is used. The rationale behind using chi-square for analyzing data of the present study is that the data was nominally scaled and the chi-square test was used to measure if the differences between the genders are statistically significant.

Multivariate Regression Analysis is also conducted to establish the relationship among various dependent, independent and control variables.

**MEASURES**

**Dependent, Independent and Control Variables:**

The dependent variable in the analysis would be measures of risk aversion and over confidence. The independent variables are the respondents' gender (male or female). The control variables are financial knowledge, experience, and confidence. These will be measured in the survey with statements that are rated by the respondents on a one to five scale (one is strongly disagree and five is strongly agree).

In addition, it is important to consider the variables affecting the investors. Each student investor had a different background with different financial knowledge, experience, confidence, and wealth. I believe that knowledge, experience, and wealth all play a role in an investor's confidence, which is why I proposed to use these control variables.

**HYPOTHESES & MODEL DEVELOPMENT**

Most of the past research on gender and investing has found that females tend to have greater risk aversion when compared to males in investing decisions (Graham, Stendardi, Myers, Graham, 2002). In the 1989 Survey of Consumer Finances, 60 percent of females responded that they were unwilling to accept any financial risks, and only 40 percent of males were unwilling to accept any financial risks. In general, males tend to be the ones to take greater risks. The purpose of the present research would be to study possible gender effects on risk aversion and overconfidence in investment decision making, thus the hypotheses are:

**HYPOTHESIS 1:** *There is no significant association between gender and risk aversion.*

**HYPOTHESIS 2:** *There is no significant association between gender and overconfidence.*

Structural Equation Modeling using SPSS AMOS software was applied to the data. The model structure is given in chart below:

**CHART 1: PATHWAY OF RISK AVERSION & OVERCONFIDENCE MODEL**


**CRITERIA FOR RESEARCH**

During an evaluation of quantitative research three main criteria were taken into consideration. These three criteria's were reliability, replication and validity. The concern with reliability refers to whether the results of the study could be repeatable by other researches, i.e. if they would come to the same result. Replication means if it is possible for other researchers to replicate the study and validity evaluates if the study actually measures what it was intended to measure. (Bryman and Bell, 2007:40-41)

RELIABILITY

For the researcher to get a reliable result is important. Measures should be consistent; if the researcher is not consistent the results will be inaccurate. The reliability of a study is dependent on its measures. If these measures fluctuate between different times this will cause variations that could have a negative effect on the results. Questionnaires was created and constructed in a clear way and this had not cause a negative effect on reliability. (Ejvegård, 1996:67-68) Chronbach alpha was calculated for scale variables and variables were selected only with high reliability.

| **Variables** | **Number of Items** | **Chronbach alpha** |
|---|---|---|
| Risk Aversion | 08 | 0.719 |
| Over Confidence | 06 | 0.856 |
| Financial Knowledge | 06 | 0.755 |
| Experience | 05 | 0.873 |
| Wealth Management Skill | 03 | 0.625 |

REPLICATION

To fulfill the criteria of replication it was important that other researcher were able to replicate or re-do the study. The process that was used in the study was described in detail herein. This means that the methods that were used, the construction of the survey and the sample that was selected were clearly stated by the researchers. (Bryman and Bell, 2007:41)

We have kept these criteria in mind throughout the study with a focus that the process should be described in as detailed a way as possible. We therefore believe that the study should be replicable for other researchers.

VALIDITY

For a study to be valid it has to measure what it was intended to measure. Within the field of quantitative research validity could be divided into two different parts: internal- and external validity. The internal validity is mainly concerned with causality or connections between variables. This means that the variables that have been measured should be related to each other and relevant to the study. The external validity measures if the results could be generalized beyond the specific sample of the study. (Bryman and Bell, 2007:41-42)

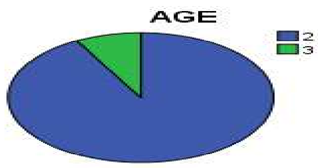
For us to make our study as valid as possible I took help of my doctorate course supervisor during the construction of the questionnaire, this was to make sure that the questions asked should be relevant for the purpose. Before the actual survey a pilot study was conducted to ensure that the interpretation of the questions is accurate. We used a strata sample to ensure that the survey was conducted with the same proportion. In order to increase the randomness of sample we had collected the survey response throughout several days and at different hours of the day. With this method we were able to generalize the findings of our study. We therefore consider that the internal validity is high and the external validity may be medium.

## 5. RESEARCH FINDINGS

### AGE OF THE RESPONDENTS

| Age | SPSS Code | Percentage | Mean | Mode |
|---|---|---|---|---|
| Below 20 Years | 01 | 00 | 2.08 | 2 |
| 20 to 30 Years | 02 | 92 | | |
| Above 30 Years | 03 | 08 | | |

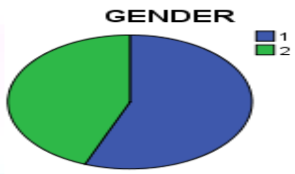
92% respondents were in the age group of 20 to 30 years followed by 08% in the age group of above 30 years. The mean age lies in 20 to 30 years age group.




### GENDER OF THE RESPONDENTS

| Gender | SPSS Code | Percentage | Mean | Mode |
|---|---|---|---|---|
| Male | 01 | 56 | 1.44 | 1 |
| Female | 02 | 44 | | |

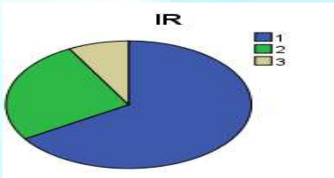
56% respondents were male whereas 44% were female thus mean value is 1.44 and mode is 1.




### INVESTMENT RATIO

| Investment Ratio | SPSS Code | Percentage | Mean | Mode |
|---|---|---|---|---|
| Below 25% | 01 | 66 | 1.42 | 1 |
| 26 to 50% | 02 | 26 | | |
| 51 to 75% | 03 | 08 | | |
| Above 76% | 04 | 00 | | |

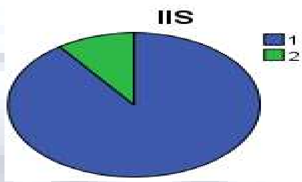
66% respondents invest below 25% followed by 26% who invests between 26 to 50%, 08% invest 51 to 75% whereas no one invests above 76%. The mean and mode values lie below 25%.




### INVESTMENT IN STOCK MARKET

| ISM | SPSS Code | Percentage | Mean | Mode |
|---|---|---|---|---|
| Yes | 01 | 90 | 1.10 | 1 |
| No | 02 | 10 | | |

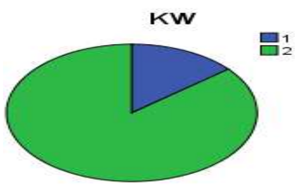
90% respondents invest in stock market thus it can be said that the majority of the management students invest in Market whereas only 10% management students do not invest in stock market. The mean and mode lies in the category which invest in stock market.




### KNOWLEDGE OF FUTURE MARKET

| KWOFM | SPSS Code | Percentage | Mean | Mode |
|---|---|---|---|---|
| Yes | 01 | 14 | 1.86 | 2 |
| No | 02 | 86 | | |

86% Respondents do not have knowledge of the future market whereas 14% had knowledge. The mean is 1.86 and mode is 02.



**GAIN FROM MARKET**

| GFM | SPSS Code | Percentage | Mean | Mode |
|---|---|---|---|---|
| Yes | 01 | 80 | 1.20 | 1 |
| No | 02 | 20 | | |

80% Respondents gained from the stock market whereas 20% have not gained. The Mode and mean value lies in category 01 i.e. Yes.

**HYPOTHESIS TESTING**

For the first hypothesis, the Chi$^2$-test showed that the responses between the genders are significantly equal at a 95% level of confidence. The critical value is 7.815 and the calculated Chi$^2$ value is 53.60. The Chi$^2$ values is higher than the critical value, which confirms that the responses are not significant and null hypothesis i.e. there is no significant association between gender and risk aversion is rejected. Therefore it can be said that there is a significant association between gender and risk aversion.

In Second Hypothesis, the critical value is 7.815 and the calculated Chi$^2$ value is 32.85. The Chi$^2$ values is higher than the critical value, which confirms that the responses are not significant and null hypothesis i.e. there is no significant association between gender and overconfidence is also rejected and it thus results that there is significant association between gender and overconfidence.

**MODEL TESTING**

**TABLE 1.5: STANDARDIZED REGRESSION WEIGHTS OF IMPACT VARIABLES – RISK AVERSION & OVER CONFIDENCE**

| *Impact Variable* | *Regression Coefficient* | *SE* | *Critical Value* | *p Value* |
|---|---|---|---|---|
| *Gender* | *0.959* | | | |
| *Financial Knowledge* | *0.643* | *0.113* | *8.673* | *** |
| *Experience* | *0.761* | *0.067* | *11.867* | *** |
| *Wealth Management Skills* | *0.472* | *0.101* | *6.240* | *** |

***Note:*** *According to AMOS software *** indicates p-value is smaller than 0.001, thus, the regression coefficient value is statistically significant. It is not significant if p-value is greater than 0.05.*

The findings are connected to previous researches that have been conducted within this field, as we have discussed in the literature review. In a study conducted by Bernasek and Shwiff (2001) the conclusion was reached that gender differences are a significant factor when explaining an individual's decision making. From the study, they found that women are more conservative that men in financial decisions. Barber and Odean (2001) suggested that gender plays a vital role for the individual's decision making. Our study suggests that gender tends to affect the financial decision of the individual; these tendencies are similar to findings presented in earlier studies.

In the analysis of our results we have found indications that women approach the financial decision in a more conservative manner than men, depending on the situation presented. The results indicate that a financial decision made by an individual seems to be dependent on the gender of the individual and how they perceive risk. Gonzach (2001) suggests that risk is an essential feature to be considered when making any type of financial decisions. Each gender evaluates the risk of a financial decision differently. Furthermore, our study shows that men tend to completely disregard the opportunity of a risk free investment implying that a financial decision made by a male respondent would be different to a financial decision made a female respondent.

As we previously discussed, women tend to be more conservative and avoid risk in financial decisions. We can determine from our study that men invest more frequently in the financial market which can imply that this group of individuals has more experience with financial decisions. Women tend to invest less frequently which can indicate that they are not as familiar as men in financial decisions making.

According to Markowitz (1952), individuals are wealth maximizes; this implies that they strive to obtain as much gain as possible from any monetary situation. He also argues that individuals are rational and only make decisions based on all available information. However, the willingness and the ability of the individual to take risk is the ultimate factor that affects their decision (Markowitz 1952:6-7). As I mentioned earlier, men tend to completely neglect the lowest risk alternative and strive towards medium/higher risk alternatives. The opposite tendency was found among female respondents who strive for lower risk alternatives.

Several researchers have consistently found that women are indeed more risk averse than men. Results show that this specific group of women, business school students, are more risk averse than men from the same population. In general, a greater proportion of women have chosen the lowest risk alternative throughout the survey compared to their male co-respondents. When offered, both men and women tend to choose the medium risk alternative in similar proportions. Whilst, the highest risk alternative is much more preferred by men than by women. The trend identified here is that women, in almost all cases, avoided the highest risk alternative.

It can also be observed that our results are, to some extent, in line with earlier researchers such as Bernasek and Shwiff (2001). They found that the effect of being a women reduced the percentage invested in stocks, thus they conclude that women were more conservative than men when allocating financial assets. I find that women, to a lesser extent, intended to invest in the stock market. A great proportion of the female respondents would rather invest in savings accounts and mutual funds, whereas, the reverse trend is found with the male respondents. They focused their investment intentions on mutual funds and the stock market.

Research regarding overconfidence in relation to gender has consistently shown that women are less confident in their financial decisions. Graham et al (2002) found that women with lower risk taking tendencies would display less confidence in their investment decisions. It is of importance to mention that our results captured the overconfidence level through the use of general assessment questions. I used four different questions, which assess overconfidence similarly. This implied that I can only assess overconfidence as a characteristic within the target group.

It can be observed from our results that both men and women show similar tendencies to see themselves better than average compared to other people. The results indicate that woman have chosen in a relatively higher level of confidence on half of the questions. On the other half of the questions women showed a tendency to be just about average whereas men chose to be above average in these questions.

The results indicate that the questions could have had an effect on individual's responses. We attempted to formulate the questions in a neutral manner and keeping in mind that they would only assess the general opinion of the surveyed individuals. We think that the questions about overconfidence became too gender influenced, which means that they basically perceived the questions differently.

Results indicate that on half of the questions some women considered themselves to be below average. While none of the men have considered themselves as below average on that half of the questions. On the other half of the questions both men and women have to some extent answered that they considered themselves to be below average, but the proportion for women is relatively larger than for men.

In general, we can observe that the female respondents have considered themselves to be below average to a larger proportion than men. However, the proportion of women that answered below average is a very small compared to the total amount of respondents.

The primary purpose of this study was to determine if gender can really have an effect on financial decisions, particularly among a group of well-educated Management students. We also wanted to see if there was any relationship between risk aversion, gender and overconfidence. The population used was the students of the Sherwood College of Management. This implies that our generalizations are only applicable to this target group and similar groups in other business schools in Lucknow in Uttar Pradesh. Our main goal was to gather knowledge about how gender affects financial decisions. With help from the research question and our analysis we could draw some inferences from our study:

1. We can say that there is a general indication that gender has an effect on financial decisions. We found that woman approach financial decisions in a more conservative manner compared to the males surveyed in this study.
2. We also find that males invest more frequently in the financial market than woman. Furthermore, we have found that men display a tendency to completely disregard the opportunity of a risk free investment.

3. When looking at risk aversion, we can say that women show an inclination towards being more risk averse than men. This supports the general view that men take more risk and that women are more risk averse.
4. In terms of overconfidence, we are not able to say that either gender is more confident than the other. We could not see any specific pattern of overconfidence in the results. However, we could observe, to a small extent, that women considered themselves to be below average in terms of confidence questions. Given the obtained results, we think that overconfidence is highly dependent on the situation in which the question is presented.

## 6. RECOMMENDATIONS & SUGGESTIONS

1. The main recommendation for students is to make constant attempts to increase their awareness on behavioral finance by educating themselves on the field. Studying about the biases, and reflecting on their decisions are likely to help achieve better self-understanding of to extent and manner to which they gets influenced by emotions while making financial decisions under uncertainty.
2. Even after satisfactory awareness is achieved it is highly recommended that they maintain a chart of the behavioral biases they are likely to be vulnerable to. This should be reviewed periodically in order to recollect and refresh their memory thus giving themselves a better chance to make improved financial decisions in the stock market.
3. Most essentially, what remains unanswered is whether greater awareness of investors about behavioral biases is likely to increase the market efficiency. Awareness about behavioral biases and its application in the course of making investment decision would be increasing the rationality of investment decisions thus making way for higher market efficiency.
4. Behavioral Finance should be given more importance in the Academic Curriculum, if it has not already been given its due. The schools do an excellent job in equipping students with knowledge of the sciences and various techniques, which definitely serves as a foundation to a great career. If they are equipped with excellent knowledge in Behavioral finance, the psychological aspect of the field would have already helped them achieve better self-understanding, and hence decision making in pressure situation might not be as challenging to them as it would be otherwise. Knowing what to do is important, but knowing when to do what is to be done, is priceless.
5. Behavioral finance, as a field, brings psychology and finance together. From a research perspective, behavioral finance presents a lot of fresh opportunities and challenges mainly because it is a relatively young field. Moreover, it offers numerous opportunities for creative thinking and experimental studies, since there is an opportunity to focus on the human mind and its ways. The field is closely related to behavioral economics, which focuses on understanding the rationale behind economic decisions, by researching on various identified cognitive or emotional biases, which people may be suffering from.

## 7. CONCLUSION

The findings of the study contribute more material to the field of behavioral finance and gender differences. In the present research paper it has been concluded that frequency of investment in female is lesser when compared to the male. Hence, we can say that the gender has a major effect on the investment decision making. Female are more conservative than their male. Our study is supported by other research done within this field and confirms risk aversion differences due to the gender of the individual. We can also conclude that male does not prefer to invest in risk free investment.

Regarding the risk aversion, it has been observed that female are more risk averse than male, from this we can conclude that male are more inclined towards risk taking. In supporting to the above statement it has been observed that the male prefer to invest in more risky avenues when compared to female, female prefer to invest in risk free investment. In terms of overconfidence, we cannot reach to any conclusion with certainty because research has shown mixed results.

## 8. LIMITATIONS

1. Within the subject of financial decisions two behavioral variables-risk aversion and overconfidence had been investigated. The other behavioral variables such as; herding and anchoring may contribute even greater understanding of the variations between genders but those are outside the scope of study.
2. The sample size proposed may be a little small. So the study may not be readily generalized to the population as a whole.

## 9. SCOPE FOR FURTHER RESEARCH

The research work gives some important major implications on gender differences and risk aversion in financial decisions. Due to some limitations as mentioned earlier herein, we suggest that there is a lot scope for further research in this field of finance. Studying carefully the behavioral patterns in investment decision making process may have major implications between genders. In addition to this a more accurate manner should be followed in evaluating the overconfidence levels in the gender.

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