An Analysis of Gender Differences on Investment Decisions towards Retirement Planning

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Abstract – Increasing awareness towards retirement planning paves the way to make an attempt to assess the gender preferences towards retirement planning. The present study uses chi-square test to analyze the differences in the opinion towards retirement planning. The study is based on the structured questionnaire in which the questions were asked towards the importance of retirement planning. The sample size of the respondents was happened to be 1144. The analysis found the significant differences on the opinion of males and females towards the investment decisions for retirement planning.

Keywords: Retirement Planning, Chi-Square test, Gender Differences

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1. INTRODUCTION

Policy makers and Economist are often of the view that gender, age, occupation marital status, income, etc. plays a vital role while taking decisions towards investment for their retirement. Opinion of the males and females investors may be different while making decisions towards retirement planning. India is witnessing a transformation in its households system from the joint family system to the nuclear family system. It is primarily because of the increasing immigration of younger generations to distinguished places of the work which contract the old age monetary support. Moreover, the increased life expectancy and increased medicinal everyday expenditure during later age are away from the reach of a general common man. Looking to this paradigm shift it is inevitable to assess the gender differences towards retirement planning. According to Old Age Social and Income Security (OASIS) Project, both male and female population in India at age 60 now is likely to live beyond 75 years of age. To study the gender differences following survey of literature was performed.

2. REVIEW OF LITERATURE:

Researchers	Their Findings
Turner et al, (1994)	Early you plan to retire the more you will have to reap the benefits in later age of your life. A retirement becomes a comprehensive component of the normative life cycle stage, accepting the factors influencing retirement preparation activities, family income and retirement planning is closely related. Sample was taken from the 2760 people having age between 40 to 64 years and for analysis regression analysis used.
Kim, Kwon and Anderson (2004)	The individuals' retirement planning tends to be higher than others if the level of household income is accompanied with better health. Retirement confidence was taken as dependent variable. Independent variables include variables related to anticipation and preparation for retirement, and individual characteristics of respondents. Sample was taken from 20-minute telephone

	interviews with 1,002 individuals of age 25 and older in the United States. T-test, ANOVA and Correlation analysis were used to conclude results.		be the major motivator. Correlation and ANOVA tests were applied to test the sample.
Wong and Earl (2009)	Retirees neglected retirement planning because they have certain level of difficulty in adjusting to retirement. In the conclusion, the findings suggest that (1) demographic; and (2) organizational place (3) Health predicts a better retirement planning. Sample was collected from 394 retirees (aged 45–93 years). Regression analysis was used to arrive at conclusion.	**Vaidyanathan (2007)**	Concluded on the basis of secondary data comprising household savings in India during the period 1961-2001. He found that in India the self-employed individuals who are not having any government social security benefits end up with savings in Gold and Life Insurance investments Correlation and ANOVA tests were applied to test the sample.
Lusardi and Mitchell (2007)	Showed that planners accumulate large wealth than non-planners through saving, investment, probability of selling house to finance retirement and others. A sample size consist 2660 respondents of 51-56 age group. Multivariate and quartile regression analysis was used to arrive at conclusion.	**Calasanti, T. M. (1996)**	Their study attempts the research on retirement in two ways. First, establish relationship between gender and life satisfaction in retirement. Second, whether the "male model" of life satisfaction in retirement can be applied to assess women's life satisfaction in retirement. It was hypothesized that world view on work satisfaction. For sample data was taken from the General Statistical Survey US (GSS) survey from years 1973 to 1990. The variables for the study were Life satisfaction in retirement, occupational regression, financial satisfaction, and income. For analysis purpose Bivariate correlation analysis and regression analysis was used.
Joo and Pauwels (2002)	Studied that the people with higher level of education is more confident towards retirement. Hence they think of an early retirement planning. His sample for the data was 1002 individuals. Regression analysis was done to arrive at the result.		
Lai, Lai and Lau (2009)	Concluded that there is major difference between teaching position, education and age across the yearly income levels from academics' perspective. This survey found that individual considered money and income to	**Kamal Halili Hassan et al, (2016)**	in his study "Retirement Planning Behaviour of Working Individuals and Legal Proposition for New Pension System in Malaysia" they concluded that there

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	is a correlation between retirement planning habit and saving behaviour for old aged people in Malaysia. For sample purpose a total of 500 of more than 40 years of age working individuals in private sectors were taken in the study. Multiple linear regression analysis was used for analysis purpose. Retirement planning behaviour was used as dependent variable and for independent variables includes measuring house hold size, demographic factors and; (3) psychology factors (financial literacy, goal clarity, and attitude toward retirement) were taken.

3. OBJECTIVES OF THE STUDY:

The present study frames following two research objectives

► To analyze the gender differences on investment decisions towards retirement planning

4. RESEARCH METHODOLOGY:

Present study is a descriptive research. Gender is independent variable and investment decision towards retirement planning is dependent variable. The primary data was collected with the help of well-structured questionnaire. The sample of 1144 investors from different walk of life was collected.

4.1 Hypotheses of the Study:

H0: There are no gender differences on investment decisions towards retirement planning.

H1: There are gender differences on investment decisions towards retirement planning.

4.2 Tools for data analysis

Chi-Square test to find out whether there is a significant relationship between two variables viz gender differences and investment decision towards retirement planning.

4.3 Validity of the Questionnaire

To test the validity following test were applied and found within the satisfactory region.

Table 1 Tests of Validity of the Questionnaire

No of items	Cronbach's Alpha	Kaiser-Meyer-Olkin	Measure of Sampling Adequacy Bartlett's Test of Sphericity
25	0.875	0.726	Approx Chi- Square 1.048 Sig .000

5. DATA ANALYSIS AND INTERPRETATION

5.1 Gender wise Profile of the Respondents

The most important demographic variable was gender which is an important variable for analysis point of view in more than one aspect. The table no 4 will give you description of respondent's gender wise.

Table 2 Gender Description

		Frequency	Per cent	Cumulative Per cent
Sr.	Female	286	25	25
1	Male	858	75	100
2	Total	1144	100	100

5.2 Analysis of Question: Are You Investing / Saving Towards Your Retirement Goals?

5.2.1 The following hypothesis was created to analyze the gender differences and investment towards Retirement Planning

■ H_0: There is no significant difference between the opinion of Male and Female respondents when asked "Are you investing towards retirement planning".

■ H_1: There is significant difference between the opinion of Male and Female respondents when asked "Are you investing towards retirement planning".

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Table 3 Cross Tabulation between Gender and investment towards Retirement Planning

		Yes	No	Not Sure	
Gender	Female	121	55	110	286
	Male	451	176	231	858
Total		572	231	341	1144

5.2.2 To test the hypothesis Chi Square test was applied

Table 4 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.268[a]	2	.001
Likelihood Ratio	13.912	2	.001
Linear-by-Linear Association	13.443	1	.000
N of Valid Cases	1144		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 57.75.

The value of significance found 0.001 which is less than alpha value 0.05. The null hypothesis got rejected thus we can say that there is significant difference between the opinion of Male and Female respondents when asked "are you investing towards retirement planning".

5.3 Analysis of Question; I Am Not Investing Towards My Retirement Goals Because.......

5.3.1 The following hypothesis was created to analyze the gender differences and not investment towards Retirement Planning

Table 5. Cross Tabulation between Gender and I Am Not Investing Towards My Retirement Goals Because.......

		I Don't Know What is it all About	It is too Early to Think About It	My Present Income is Not Sufficient	Need Proper Guidance	
Gender	Female	11	33	77	33	154
	Male	22	99	242	121	484
Total		33	132	319	154	638

Table 6 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.195[a]	3	.533
Likelihood Ratio	2.103	3	.551
Linear-by-Linear Association	1.701	1	.192
N of Valid Cases	638		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.97.

The value of significance found 0.533 which is less than alpha value 0.05. The null hypothesis got accepted thus we can say that there is no significant difference between the opinion of Male and Female respondents when asked "why you are not investing towards retirement planning".

5.4 Analysis of Question: Do You Think Retirement Planning is Important?

5.4.1 The following hypothesis was created to analyze the gender differences and importance of retirement planning

■ H_0: There is no significant difference between the opinion of Male and Female respondents when asked "Do you Think Retirement Planning is Important".

■ H_1: There is significant difference between the opinion of Male and Female respondents when asked "Do you Think Retirement Planning is Important".

Table 7 Cross tabulation Gender and do you think retirement planning is important

Gender * Do You Think Retirement Planning Is Important Cross tabulation			Do You Think Retirement Planning Is Important					
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Gender	Female	Count	0	0	11	99	176	286
		% within Gender	.0%	.0%	3.8%	34.6%	61.5%	100.0%
	Male	Count	22	11	66	176	583	858
		% within Gender	2.6%	1.3%	7.7%	20.5%	67.9%	100.0%
Total		Count	22	11	77	275	759	1144
		% within Gender	1.9%	1.0%	6.7%	24.0%	66.3%	100.0%

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Table 8 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	34.789[a]	4	.000
Likelihood Ratio	42.023	4	.000
Linear-by-Linear Association	1.885	1	.170
N of Valid Cases	1144		

a. 1 cells (10.0%) have expected count less than 5. The minimum expected count is 2.75.

The value of significance found 0.00 which is less than alpha value 0.05. The null hypothesis got rejected thus we can say that there is There is significant difference between the opinion of Male and Female respondents when asked "Do you Think Retirement Planning is Important".

5.5   Analysis of Question: what is The Most Prominent Source of Your Financial/Retirement Advice?

5.5.1   The following hypothesis was created to analyze the gender differences and source of financial advice

■ H_0: There is no significant difference between the opinion of Male and Female respondents when asked "which is your most prominent source of financial advice".

■ H_1: There is significant difference between the opinion of Male and Female respondents when asked "which is your most prominent source of financial advice".

Table 9 Cross tabulation Gender and source of financial advice

		I Don't Think I need I Need It	Financial Planner	Insurance Agent	Invested Myself/Internet/Advertisement	CA	Under The Influence of Colleague/Peers/Family Members	Through Bank Professional	
Gender	Female	0	33	33	88	33	55	44	286
	Male	110	154	44	319	44	143	44	858
Total		110	187	77	407	77	198	88	1144

Table 10 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.009E2[a]	6	.000
Likelihood Ratio	121.065	6	.000
Linear-by-Linear Association	53.633	1	.000
N of Valid Cases	1144		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 19.25.

The value of significance found 0.00 which is less than alpha value 0.05. The null hypothesis got rejected thus we can say that there is There is significant difference between the opinion of Male and Female respondents when asked "which is your most prominent source of financial advice".

5.6   Analysis of Question: In How Many Years Do You Want To Retire?

5.6.1   The following hypothesis was created to analyze the gender differences and years to retirement

■   H0: There is no significant difference between the opinion of Male and Female respondents when asked "In how many years do you want to retire".

■   H1: There is significant difference between the opinion of Male and Female respondents when asked "In how many years do you want to retire".

Table 11 Cross Tabulation Years to Retire and Gender

	In How Many Years do You Want To Retire		Gender		Total
			Female	Male	
Years To Retire	10-15 Years	Count	11	121	132
		% within Years To Retire	8.3%	91.7%	100.0%
	15-20 Years	Count	55	88	143
		% within Years To Retire	38.5%	61.5%	100.0%
	20-25 Years	Count	66	220	286
		% within Years To Retire	23.1%	76.9%	100.0%
	25 Years and more	Count	154	429	583
		% within Years To Retire	26.4%	73.6%	100.0%
Total		Count	286	858	1144
		% within Years To Retire	25.0%	75.0%	100.0%

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Table 12 Chi-Square Tests

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	34.563[a]	3	.000
Likelihood Ratio	38.151	3	.000
Linear-by-Linear Association	4.730	1	.030
N of Valid Cases	1144		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 33.00.

The value of significance found 0.00 which is less than alpha value 0.05. The null hypothesis got rejected thus we can say that there is There is significant difference between the opinion of Male and Female respondents when asked "In how many years do you want to retire".

6. CONCLUSION:

The analysis revealed that majority of the respondents almost 51% of them want to retire in next 25 years and above. There was positive perception found between the male and female respondents when asked do you think retirement planning is important but the hypothesis test results says that there is significant difference on the opinion between the male and female respondents. When asked do you invest towards retirement planning the responses found positive but the hypothesis test results says that there is significant difference on the opinion between the male and female respondents. When asked the prominent source of retirement planning advice it was found that respondents rely on their own belief to decide upon the investment decisions and the hypothesis test results shows there is significant difference on the opinion between the male and female respondents. The present study concludes that retirement planning is important but the opinions of the male and female towards retirement planning is different.

7. LIMITATIONS TO THE STUDY

Time is undoubtedly a hindrance to a research. Other statistical tools may also be applied to analyze the data. The study requires the primary data which is collected with some assumption such as data size and sampling techniques.

8. SCOPE FOR FURTHER RESEARCH

This study gives the further scope to analyze the factors which influences the males and females independently towards retirement planning.

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