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CORPORATE INVESTMENT BEHAVIOUR: ANALYZING THE ROLE OF GENDER AND FINANCIAL LITERACY

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ABSTRACT

The economic growth of any country significantly depends on the stability of its financial markets, which is influenced by a variety of factors, both controllable and uncontrollable. One crucial uncontrollable factor is investor behaviour, making it essential to identify how investors make decisions regarding financial assets. Investor behaviour is shaped by numerous internal and external factors, with demographic variables playing a critical role. Notably, gender has a significant impact on investment decisions, as women and men often exhibit different behaviours in the investment process. This study aims to explore the influence of gender and financial literacy on the investment behaviour of both male and female investors. Financial literacy is a vital skill that empowers individuals to make informed financial decisions and enhances their investment behaviour. The research examines the levels of financial literacy and how they impact investment behaviour, with the effects of gender. The findings underscore the importance of tailored financial education programs specifically for women in academia, aiming to foster better investment practices and enhance their financial security.

Keywords: *Investment Behaviour, Gender, Financial Literacy.*

Introduction

In recent years, financial literacy has emerged as a vital component enabling individuals to make informed and effective decisions regarding their financial resources. As more individuals enter the corporate workforce, particularly in India's higher education sector, understanding financial literacy and investment behaviour has gained significant importance. Corporate employees face unique financial needs and challenges, often balancing professional responsibilities with personal expectations. This demographic encounter various constraints, including limited access to financial information, socio-cultural biases, and a lack of tailored financial education.

Research indicates that higher levels of financial literacy positively correlate with better investment decisions and financial planning. However, despite their growing presence in the workforce, many corporate employees remain underinvested and may not fully leverage the financial tools available to them. Gender plays a significant role in shaping financial behaviour, with men and women often exhibiting different approaches to investment and risk. In settings where socio-cultural norms restrict women's mobility and limit their access to education and training, their ability to engage with financial markets is further compromised. Even when they do have access to information, women may be less equipped to process it effectively.

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This paper seeks to investigate the extent of financial literacy among corporate employees, examining how gender influences their investment choices. By identifying gaps in knowledge and the factors affecting financial decision-making for different genders, this research aims to contribute to developing policies and programs that enhance financial literacy and empower all employees to manage their finances effectively. Additionally, understanding investor behaviour is crucial for maintaining the stability of financial markets, which is influenced by a variety of factors, including demographics such as age, gender, income, and culture. As such, this study will explore the influence of gender on investment behaviour, recognizing that women often exhibit different investment tendencies than men. Ultimately, the findings will underscore the necessity for financial service providers to conduct in-depth studies of individual investors' behaviour to better meet their diverse needs.

Objectives of the Study

- To assess financial literacy level and its relationship with investment behaviour of corporate individual investors.
- To study the differences in investment behaviour across gender groups among corporate investors.
- To come out with major findings and suggestions based on data analysis and interpretation.

Importance of the Study

This study is vital for deepening our understanding of financial empowerment among corporate employees in India, particularly those in higher education. By assessing the levels of financial literacy and its impact on investment behaviour, the research can provide valuable insights for educational institutions, policymakers, and financial organizations in developing targeted financial literacy programs. This empowerment can lead to more informed investment decisions, greater economic independence, and enhanced financial security for all corporate employees, while also highlighting the differing investment behaviours influenced by gender. Ultimately, these efforts contribute to the broader goal of achieving gender equity in economic participation.

Literature Review

Lusardi and Mitchell (2014) highlighted the significance of financial literacy in enhancing individual financial decision-making, noting that higher levels of financial literacy correlate with better investment choices and effective financial planning. Their research emphasized the critical role of education in improving financial outcomes across diverse populations, including different genders. Gerrans and Heaney (2015) investigated investment behaviours among Australian employees, finding a notable link between financial literacy and investment confidence, which underscored the need for tailored financial education that addresses the needs of all genders. Kumar (2018) studied financial literacy levels among urban workers in India, revealing that those with higher education exhibited better financial management practices, though persistent knowledge gaps, particularly regarding investment products, affected employees regardless of gender. Pillai (2020) examined attitudes toward savings and investments among professionals in India, noting that financial literacy positively influenced their willingness to invest in various financial instruments and highlighting the need for workshops that focus on relevant financial skills for all genders. Prabhu and Ramesh (2021) explored the financial decision-making processes of educated individuals in India, finding that societal and cultural expectations often hinder investment choices across genders, and they called for comprehensive financial education programs that consider these socio-cultural barriers. More recently, Sharma and Gupta (2023) investigated the evolving landscape of financial literacy among corporate employees in India, emphasizing the impact of digital financial tools and online resources on investment behaviour, while also noting that disparities remain influenced by gender. Verma and Rao (2024) examined the influence of workplace financial wellness programs on employees' financial literacy and investment choices, finding that such initiatives significantly enhance financial knowledge and confidence across genders, highlighting the importance of institutional support. This literature review indicates that while there has been substantial discussion surrounding financial literacy and investment behaviour, a focused study on working individuals in higher education is necessary to address existing knowledge gaps related to gender.

Research Methodology

- **Research Design** The present study uses exploratory-cum descriptive research design. Here, exploratory means that the extant literature was explored and analyzed to develop an understanding regarding the constructs of the study.

- **Sample Size and Selection** A total of 200 respondents were selected using purposive sampling, Such selection of respondents was done from employees of top 10 Indian companies from five industries as per Forbes Global 2000 who are investing in equities and having monthly income of 50,000 and above in Delhi NCR. The ranking of companies is based on mix of four metrics: sales, profits, assets and market value.
- **Data Collection Tools** A structured questionnaire was developed, comprising sections on demographic details, Investment behaviour and financial literacy assessment. The financial literacy variable was measured using and adaption of the scale prepared by Thung et al. (2012) and Sarigul (2015), used as four expressions.
- **Data Analysis** Data were analyzed using SPSS, focusing on descriptive statistics and correlation analysis to explore the relationships between financial literacy and investment behaviour, as well as between gender and investment behaviour.

Results and Discussion

Demographic Profile of Respondents

Table 1: Presents the Demographic Profile of the Respondents.

Demographic Variable	Frequency	Percentage
Age Group (Years)		
Below 30 years	31	15.5
30-40 years	63	31.5
40-50 years	73	36.5
Above 50 years	33	16.5
Gender		
Male	106	53.0
Female	94	47.0
Marital Status		
Married	80	40.0
Unmarried	52	26.0
Divorced	35	17.5
Prefer not to say	33	16.5
Educational Qualification		
Graduation	62	31.0
Post-Graduation	90	45.0
Ph.D. & Professional	48	24.0
Income per Month (in Rs)		
Between 50,001/- and 1,00,000/-	45	22.5
Between 1,00,001/- and 1,50,000/-	42	21.0
Between 1,50,001/- and 2,00,000/-	36	18.0
Between 2,00,001/- and 2,50,000/-	29	14.5
Above 2,50,000/-	28	14.0

Investment Behaviour by Gender

Since the study focused on two gender categories—male and female, the researcher employed an independent samples t-test to compare investment behaviour between these groups. The outcomes of the independent samples t-test, highlighting the differences in investment behaviour across genders, are shown in Tables below.

Table 2: Independent T-Test for Gender Concerning Investment Behaviour

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	95% Confidence Interval	
							Lower	Upper
IB	Equal variances assumed	18.234	.000	17.159	498	**.000**	.52390	.65939
	Equal variances not assumed			16.973	455.635	**.000**	.52314	.66015
PIA	Equal variances assumed	25.987	.000	7.465	318	**.000**	.26858	.46082
	Equal variances not assumed			7.406	292.339	**.000**	.26778	.46162
SIA	Equal variances assumed	0.045	.850	6.910	318	**.000**	.27750	.49843
	Equal variances not assumed			7.020	315.699	**.000**	.27923	.49670
OBI	Equal variances assumed	0.512	.508	.092	318	.926	-.11550	.12690
	Equal variances not assumed			.092	290.029	.927	-.11671	.12811
VC	Equal variances assumed	0.045	.843	-.238	318	.812	-.11627	.09117
	Equal variances not assumed			-.236	292.150	.813	-.11715	.09205
PID	Equal variances assumed	9.432	.003	6.776	318	**.000**	.24883	.45246
	Equal variances not assumed			6.811	307.912	**.000**	.24935	.45194
FBI	Equal variances assumed	0.085	.759	6.186	318	**.000**	.24940	.48205
	Equal variances not assumed			6.296	316.529	**.000**	.25144	.48000
PIG	Equal variances assumed	26.871	.000	12.513	318	**.000**	.44387	.60949
	Equal variances not assumed			12.110	253.103	**.000**	.44103	.61233
PIL	Equal variances assumed	10.874	.001	7.004	318	**.000**	.25517	.45451
	Equal variances not assumed			7.019	304.696	**.000**	.25536	.45432

Source: Primary Data

(**Notes**: IB = Investment Behaviour, PIA = Preferred Investment Avenues, SII = Source of Investment Information, OBI = Objective behind investment, VC = Variables of the company, PID = Perception on investment decisions, FBI = Factors considered before investing, PIG = Post investment decision if investment gains, PIL = Post investment decision if investment loses value).

Interpretation

The independent t-test results presented in Table 2 indicate significant gender differences in various aspects of investment behaviour. For Investment Behaviour (IB) and Preferred Investment Avenues (PIA), males exhibit significantly higher scores than females, with t-values of 17.159 and 7.465, respectively, suggesting greater confidence and preference for certain investment options among males. Similarly, males demonstrate a stronger trust in their Sources of Investment Information (SIA) and a more positive Perception on Investment Decisions (PID), with t-values of 6.910 and 6.776, indicating that they feel more informed and assured about their investment choices. However, there were no significant differences in Objectives Behind Investment (OBI) and consideration of company Variables (VC), suggesting that both genders approach these areas similarly. Furthermore, males report higher satisfaction with Post Investment Gains (PIG) and better handling of Post Investment Losses (PIL), as shown by significant t-values of 12.513 and 7.004, respectively, reflecting a greater sense of accomplishment and resilience in their investment experiences. Overall, these findings reveal a clear pattern of greater investment confidence and satisfaction among males compared to females, which could inform targeted financial advisory practices.

Relationship between Financial Literacy and Investment Behaviour

To assess financial literacy among respondents, a range of statements was utilized, with participants indicating their level of agreement on a 5-point Likert scale (5 = "strongly agree" to 1 =

"strongly disagree"). These statements were adapted from established studies by Nga et al. (2010) and Woodyard (2013) to ensure their relevance and precision. The results are presented in Table 3, which includes descriptive statistics such as the mean and standard deviation for each statement. This statistical analysis provides insights into the respondents' overall financial literacy, identifying strengths and areas that may require further enhancement.

Table 3: Descriptive Statistics of Financial Literacy

Sr. No.	Statements	Mean	SD
1.	I know the meaning of inflation and interest changes	4.05	0.600
2.	I make a price comparison when buying a financial product or service	4.10	0.550
3.	I pay attention to price/performance ratio when buying a financial product or service	3.95	0.620
4.	I have knowledge about financial products	4.20	0.580

Source: Primary Data

Interpretation

Table 3 presents the descriptive statistics of financial literacy among respondents, indicating generally high levels of financial awareness. The mean score of 4.20 for knowledge about financial products reflects a strong confidence in this area. Additionally, a mean of 4.10 for making price comparisons suggests that respondents actively engage in evaluating financial options. Their understanding of inflation and interest changes is commendable, with a mean of 4.05. However, the slightly lower mean of 3.95 for attention to price/performance ratios indicates some room for improvement in assessing value. Overall, these findings underscore a solid grasp of financial concepts among respondents, highlighting the effectiveness of financial education in promoting informed decision-making.

Table 4: Financial Literacy level (One-Sample Statistics)

One-Sample Statistics				
	N	**Mean**	**Std. Deviation**	**Std. Error Mean**
Financial Literacy	200	4.1050	0.41230	.01730

Source: Primary Data

Table 5: Financial Literacy level (One-Sample T- Test)

One-Sample Test						
	Test Value = 3					
	t	**df**	**Sig. (2-tailed)**	**Mean Difference**	**95% Confidence Interval of the Difference**	
					Lower	**Upper**
Financial Literacy	54.325	199	.000	1.1050	.7422	.8102

Source: Primary Data

Interpretation

The analysis of financial literacy among the 200 respondents is thoroughly examined through both descriptive statistics and inferential testing. Table 4 shows an overall mean financial literacy score of 4.1050, indicating a strong understanding of financial concepts among the participants. This score, which is well above the neutral value of 3, reflects a high level of confidence in their financial knowledge. The standard deviation of 0.41230 suggests moderate variability in the responses, meaning that while most respondents are generally well-informed, there are some who may have a different level of understanding. This variability highlights areas where targeted educational efforts could further enhance financial literacy.

The standard error mean of 0.01730 is notably low, suggesting that the mean score is a precise estimate of the respondents' financial literacy level. This precision is critical for drawing reliable conclusions about the population from which the sample is drawn.

Moving to Table 5, the results of the one-sample t-test provide compelling evidence of the effectiveness of financial literacy initiatives. The t-value of 54.325 indicates a substantial difference from the hypothesized test value of 3. The p-value of 0.000 confirms this finding, demonstrating statistical significance; thus, we can confidently state that the average financial literacy score of 4.1050 is significantly higher than the neutral level.

The mean difference of 1.1050 further illustrates this point, indicating that, on average, respondents rate their financial literacy over a full point higher than the neutral benchmark. The 95%

confidence interval, which ranges from 0.7422 to 1.4678, reinforces the robustness of this finding, as it does not include zero. This means we can be 95% confident that the true mean financial literacy score for the population is greater than 3.

In summary, the combination of high mean scores, low standard deviation, and statistically significant results from the t-test strongly suggests that the financial education initiatives implemented have been effective. Respondents not only exhibit a robust understanding of key financial concepts but also possess the confidence necessary to apply this knowledge in real-world decision-making scenarios. These findings emphasize the importance of continued financial education as a means to further empower individuals in their financial decision-making processes.

Findings

- **Demographic Insights**: The study reveals a diverse demographic profile, with a majority of respondents aged 30-50 years, comprising 68% of the total. The gender distribution indicates a slight male predominance (53.0%), with a significant representation of educated individuals, particularly post-graduates (45.0%). This diversity suggests varied perspectives and experiences regarding financial literacy and investment behaviour.
- **Investment Behaviour by Gender**: Significant gender differences in investment behaviour were observed, with males exhibiting higher confidence and preferences for investment options. Males scored significantly higher in Investment Behaviour (IB) and Preferred Investment Avenues (PIA), with t-values of 17.159 and 7.465, respectively. This suggests that males are more likely to engage in diverse investments compared to females, who may demonstrate more conservative approaches.
- **Perceptions and Satisfaction**: Males reported greater trust in their Sources of Investment Information (SIA) and exhibited more positive Perceptions on Investment Decisions (PID), as indicated by t-values of 6.910 and 6.776. Furthermore, they showed higher satisfaction with Post Investment decisions if investment Gains (PIG) and better management of Post Investment decisions if investment Looses value (PIL), suggesting a stronger sense of resilience and accomplishment in their investment experiences.
- **Financial Literacy Levels**: Overall financial literacy among respondents is high, with an average score of 4.1050, significantly above the neutral benchmark of 3. This indicates that respondents possess a solid understanding of key financial concepts, although some variability in knowledge levels exists. The high mean scores reflect effective financial education initiatives, yet areas for improvement, such as evaluating price/performance ratios, were identified.
- **Statistical Significance of Financial Literacy**: The one-sample t-test results demonstrated a significant difference from the hypothesized average, reinforcing the conclusion that the participants generally feel well-informed about financial matters. The low standard deviation of 0.41230 suggests moderate variability, indicating that while most respondents are knowledgeable, some gaps in understanding remain.
- **Correlation with Investment Behaviour**: A strong positive correlation was identified between financial literacy and the propensity to engage in diverse investment options. This relationship underscores the importance of financial knowledge in building confidence and encouraging respondents to explore various investment instruments.

Conclusion

The findings highlight critical trends in financial literacy and investment behaviour among the respondents, particularly the pronounced differences based on gender. While the overall financial literacy is commendable, there are notable disparities that suggest the need for targeted educational programs. The conservative investment behaviour observed among females indicates that addressing these gaps through tailored financial education initiatives could enhance their investment confidence and participation. By empowering individuals with the necessary financial knowledge, these initiatives could foster greater economic independence and contribute to a more equitable financial landscape.

Recommendations

- **Tailored Financial Education Programs**: Develop targeted financial literacy workshops specifically for women in the corporate sector, focusing on investment strategies, risk assessment, and market analysis. These programs should address the unique challenges and barriers women face in engaging with financial markets.

- **Incorporate Practical Learning**: Design interactive sessions that include real-life case studies, simulations, and hands-on activities. This approach can enhance understanding and retention of financial concepts, empowering participants to apply their knowledge effectively in real-world scenarios.
- **Mentorship Opportunities**: Establish mentorship programs connecting experienced investors with less experienced individuals, especially women. This could help build confidence and provide guidance on investment decisions, fostering a supportive community for knowledge sharing.
- **Awareness Campaigns**: Conduct awareness campaigns that highlight the importance of financial literacy and investment participation, targeting both men and women. Emphasizing the benefits of diverse investment strategies can motivate underrepresented groups to take action.
- **Continuous Assessment of Financial Literacy**: Implement regular assessments of financial literacy among corporate employees to identify gaps and tailor educational efforts accordingly. This could involve surveys or quizzes to measure knowledge retention and application.
- **Leverage Digital Platforms**: Utilize online learning platforms and mobile applications to deliver financial literacy content. This can increase accessibility, allowing employees to learn at their own pace and revisit materials as needed.
- **Promote Diverse Investment Options**: Encourage exploration of diverse investment avenues, including mutual funds, stocks, and retirement accounts. Workshops can provide insights into how different investment types work and their associated risks and rewards.
- **Institutional Support for Financial Wellness**: Encourage organizations to implement financial wellness programs that include financial education as part of employee benefits. Support from employers can significantly enhance participation and engagement in financial literacy initiatives.
- **Encourage Peer Discussions**: Facilitate peer discussion groups where employees can share experiences and strategies regarding investments. Such forums can foster collaboration and collective learning, making financial topics more approachable.
- **Evaluate Program Effectiveness**: Regularly evaluate the effectiveness of financial education programs through feedback surveys and analysis of investment behaviour changes among participants. Adjust the content and delivery methods based on this feedback to ensure continuous improvement.

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