

## A Study on the Gender Differences in the Spending Attitude and Behavior of IT Professionals in Urban Bangalore

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**Abstract:** Finance has the ability to make or break an individual's life but its influence depends on how possessors use and manage it. People these days have realized this blatant truth which in turn has led to the evolution of the concept of personal finance. A proper awareness or understanding of personal finance will force them to devote their time and effort for its effective management. Such an effective management of personal finance will help them to run ahead of others and grab the unbound opportunities ahead. Demographic factors like gender, age, marital status etc also to a large extent influences the financial behavior and of individuals and their financial management practices. The researcher here analyses gender not simply as another a 'characteristic' but rather, a factor that has a profound influence on various aspects of personal finance especially spending. The study aims to get a clear understanding of the existence of differences in the spending pattern and spending attitude and behavior of women as compared to men with the objective of providing a basis for assessment as to what should be done in order to make sure that women are not financially disadvantaged. The data was collected by distributing structured questionnaires to 150 respondents in Urban Bangalore.

**Key Words:** Personal Finance, Gender Finance, spending Pattern, spending attitude and behavior

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### I. INTRODUCTION

Personal finance can be defined as the application of principles and techniques of finance in an individual's money affairs. The main goal of personal Finance is the efficient allocation of financial resources which in turn paves way for financial security and independence. This also helps an individual or family in meeting expected expenses as well as monetary contingencies. This is a very important element in every aspect of an individual's life since it deals with almost everything ranging from trivial things like eating in a restaurant to major ones like buying an apartment or Retirement planning. Hence it can be noticed that personal finance affects your relationships, lifestyle, attitude and even your perception

#### Gender in Financial practices

Women handle their finances differently from men. Anja Peter, of Bank Coop in Switzerland concurs that "naturally, there are differences between men and women, biologically and socially, and this is reflected in their financial behavior." Furthermore women's financial strategies and the subsequent performance tend to be more stable (Source: A study conducted at the Centre for Financial Research at the University of Cologne) This is because their financial priorities are different. Women mainly worry about financial independence, healthcare and comfortable retirement and their financial behavior and experiences tend to reflect these goals. Women from different backgrounds have different financial experiences (Prudential study 2013). Financial experiences of women play a critical role in any economy because they are the key decision makers and caregivers in their households which ultimately has an impact on the economy as well. Financial experiences are the participants' reported experiences with spending, saving and investing activities (Lusardi, Tufano 2008).

#### Gender in spending

There are various factors influencing the consumers' decision making, such as culture, personality, life cycle stages, incomes, attitudes, motivations, feelings, knowledge, ethnicity, family, values, available resources, opinions, past experiences, as well as peer groups (Blackwell, Miniard and Engel, 2006: 4-5). Before taking a decision to goods or services, there are other influential environmental factors that consist of culture, social class, family, personal influence, and situation behaviors. Personal factors include consumers' resources, motivations, knowledge, attitudes, personality, values, and life style (Blackwell et al., 2006: 85). Gender is the

most powerful determinant of how we see the world and everything in it. While gender plays a significant role in the spending of men and women, their reasons and methods differ greatly. The motives for spending and the channels of spending differ between men and women since the two sexes differ in their perspectives, motives, rationales and action says John Gray in his book .. Women contribute to over \$20 trillion in world wide spending (Muhter Kent 2010)..A woman's approach to spending is very much a part of who she is :it's a part of her DNA(source:AMP Agency survey 2007).

Women are more likely to indulge in retail therapy to boost their mood. It's also seen that women are more generous and make more charitable contributions than men (Richard Dell 2013). They are also likely to spend more for their family and friends as compared to their male counterparts. More specifically, a considerable body of evidence indicates that women's propensity to spend income *under their control* on family provisioning and children's nutrition is greater than men's (Blumberg 1988; Guyer 1988; Handa 1994; Katz 1991b; Kumar 1978; Quisumbing and Maluccio 1999; Roldan 1988; Thomas 1992)..An increasing share of cash income in women's hands is also shown to increase household food expenditure, controlling for average per capita expenditure and household expenditure, resulting in better nutrition and child health. Guyer (1988) found that women, in addition to their food production, spent fully 74 percent of their cash income on supplements to the family food supply. (Hoddinott and Haddad 1994). Thomas, Beegle, and Frankenberg (2003) have shown that greater incomes of mothers can have up to 20 times the effect on the nutritional status of children than if the same income increment goes to fathers. They spend on children and lifestyle and more than men. Women generally are trained to nurture and seek acceptance and hence they view money as a means to create a lifestyle.

## II. LITERATURE REVIEW

Blumberg (1988) aimed to study the relative male/female control of economic resources. He reviewed evidence from numerous Third World countries that men and women spend income under their control differently--with women holding back less for themselves and spending more on child nutrition and family basic human needs. The data indicated that when women lose control of income, what is affected is not only their relative marital/familial power (and self-esteem) but also the entire family well-being.

Guyer (1988) investigated the income and spending pattern of men and women farmers in Cameroon, Africa. He found that women, spent fully 74 percent of their cash income on supplements to the family food supply in the form of meat, salt and oil and household needs such as kerosene and soap. Men spent only an estimated 22 percent of their income on food for family. Overall, men supplied 33 percent of cash expenditures for food and other household items, while women contributed 67 percent.

Wolf (1988) in her article addresses a case study of the question of gender stratification and by analyzing the relationship between factory women and their families in Java, Indonesia. Data was collected from 14 respondents. An extensive survey, including questions about access to income, debts, and savings was done. She found that factory women she interviewed saved on average 30 percent of their income for use to redistribute to families in times of distress or to finance their own weddings. He also found out that, although they contributed 28% of their wages to the family, in cash or in kind, they overspent their wages by 40%.

Saretrakul, Wongveeravuti and Likitapiwat(2013) conducted a study with a view to analyse the gender differences in the saving and spending pattern of male and female Thai students in Bangkok. Data was collected from 455 students using structured questionnaire. The following were the results of the study:

- a. There was no gender gap in the saving behavior of students.
- b. Females had a more positive attitude towards saving than males.
- c. Males had a more positive attitude towards spending
- d. There was a difference in the nature of products purchased which was contributed to their inherent differences.
- e. It was also noticed that females were more concerned about being rich and making a lot of money than males.

More females were involved in family finances.

Saimek (2009) conducted a survey of adolescents aged 14-22 in Thailand to study the spending patterns among males and females. The sampling frame was based on data from 2005 supplied by the Ministry of Education. Data was collected from 800 samples, 400 of which were male adolescents (150 early adolescents and 250 late adolescents) and 400 female adolescents (193 early adolescents and 207 late adolescents) by stratified sampling method. It was revealed in the study that the adolescents' expenditure was significantly different between genders. While Male adolescents' expenditures were averaging approximately 5,867 baht per month, which was higher than those of their female counterparts who were averaging approximately 4,788 baht per month. It was also noticed that males spend more than females on visits to cinema, on sporting and multimedia equipments.

Females on the other hand spend more on cosmetics and gifts to friends. It was found that that there was no significant gender differences in expenditure related to clothing ,shoes ,mobile phones and educational equipments. It was concluded that factors influencing the respondents total expenditure were their personal characteristics, their incomes, the money available from credit cards and the individual’s family income.

**Wilksa and Haanpa (2005)** in their study found that while both genders spend the same amount of money on clothes, male clothing purchases are often influenced by sports and it is the males who initiate the purchase of electronic and information technology items within the families. Females on the other hand managed everyday purchases of the family such as groceries. It was also found that males buy things less frequently but indulge in more expensive buying and that they are more conscious about the quality of the products. It was noticed that females also have more ethical consumption attitudes than boys and they are more environmentally conscious and economical. They concluded that for women shopping is a social and aesthetic experience.

### III. OBJECTIVES OF THE STUDY

- 1.To provides an insight into the existence and reasons of gender differences in the spending pattern of the respondents.
- 2.To find out the association between gender and avenues of spending

### IV. NEED FOR THE STUDY

There are a lot of differences in the financial perception, expectations, goals and confidence of men and women .The differences between men and women in this aspect should be analysed and understood since it is the only way of ensuring financial inclusion to women and thereby economic development book. Women are the worlds most powerful and important consumers. women’s income is projected to reach \$6 trillion by 2017, and, by 2028, women are expected to control close to 75 percent of discretionary spending worldwide(**Ernst and young,2013**)In addition to soending themselves,women to a large extent induce or influence spending by another person(**Bridget Brennan,2015**).Another main reason for this is that women are responsible not only for herself but also for her entire family and household. The researcher felt that both men and women should be financially efficient to take appropriate spending decisions for themselves and their families.

### V. METHODOLOGY

This is an analytical paper. The data used is both primary and secondary. It employs a review through personal experience and background study. Secondary sources have also been made use of in relation to figures and statistics. Simple statistical tools like Chi square and percentages have been used for the analysis. The sample of the study includes 150 IT professionals (75 male and 75females) from Bangalore city. The respondents were selected using stratified convenient sampling.

Hypothesis testing: A hypothesis has been formulated and tested to see if there is any association between gender and choice of spending avenues. Chi –square test has been used to test the dependence of the above attributes. The hypothesis is framed as follows:

H1: There is significant association between gender of the respondents and the choice of spending avenue

.Demographic profile

**Table 1:** Bivariate Frequency Distribution of Age and Gender

Gender		Age				Total
		25 - 30	30 - 35	35 - 40	40 or more	
Male		22	30	20	3	75
		29%	40%	27%	4%	100.0%
Female		25	30	10	10	75
		33.33%	40%	13.33%	13.34%	100.0%
Total		47	60	30	13	150
		31.3%	40%	20%	8.7%	100.0%

**Table 2:** Bivariate frequency distribution of Gender and Marital Status

Gender		Marital Status		Total
		Married	Unmarried	
Male		69	6	75
		92%	8%	100.0%
Female		63	12	75
		84%	16%	100.0%
Total		132	18	150
		88%	12%	100.0%

**Table 3:** Bivariate Frequency Distribution of Annual Income and Gender

Gender	Annual Income				Total
	<5,00,000	5,00,001-10,00,000	10,00,001-20,00,000	>20,00,000	
Male	3 4%	15 20%	32 42.6%	25 33.4%	75 100.0%
Female	2 2.6%	30 40%	28 37.4%	15 20%	75 100.0%
Total	5 3.3%	45 30%	60 40%	40 26.7%	150 100.0%

Table showing association of gender with the choice of spending avenue.

Financial product	Male		Female		Total
	Observed frequency	Expected frequency	Observed frequency	Expected frequency	
Entertainment(holiday,dining etc)	3	1	2	1	5
Apparels	10	12.5	15	12.5	25
Electronic gadgets	20	12.5	5	12.5	25
Household groceries	10	12.5	15	12.5	25
Household bills	6	5	4	5	10
Children expenses	18	22	26	22	44
Gifts for others	5	6	7	6	12
others	3	2	1	2	4
Total	75		75		150

Source: Primary data

The calculated Chi-square test value is 19.16 whereas the table value at 5% level of significance (at 7 degrees of freedom) is 14.067

### OBSERVATION

Since the calculated value is more than the table value, H1 is accepted. Hence there is significant association between gender of an individual and the choice of spending avenues

### VI. FINDINGS

Spending is an important and crucial part of money management. Adequate and timely spending ensure the availability of money at the time of need. Generally men and women have different attitudes and behaviours related to spending. Their avenues of spending are also different compared to their male counterparts. This blatant truth is being highlighted in the study also

### VII. CONCLUSION

There are a lot of differences in the financial perception, expectations, goals and confidence of men and women with respect to spending. Women mainly worry about financial independence,healthcare and comfortable retirement and their financial behavior and experiences tend to reflect these goals.Women from different backgrounds have different financial experiences (**Prudential study 2013**).Financial experiences of women play a critical role in any economy because they are the key decision makers and caregivers in their households which ultimately has an impact on the economy as well. It is often seen that women are expected to take primary responsibility of child bearing, taking important decisions relating to distribution of household resources and most importantly in transmitting financial habits and skills to the next generation. In the light of this, it becomes our utmost priority to make sure there is no gender gap in finance and thus ensure that women are not financially disadvantaged.

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