



# A Study on Gender Difference in Use of Financial Decision Making Tools for Purchases

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**ABSTRACT**

The study aims to inspect gender differences in using financial decision making tools - cost comparison, cost benefit analysis, calculation of future expenses and budgeting, in connection to categorization of purchase decisions - purchasing of car, choosing a college for children, food & utilities, owning a house / property, buying a mobile phone and investing savings. It is found that male and female respondents use these tools but their approaches are different. Male respondents seem to be more rationale in using financial decision making tools than females.

**KEYWORDS**

Gender, Financial decision-making, Tools, Purchase

**INTRODUCTION**

Out of the many factors that influence ones financial decision-making capabilities, one of the major factors is gender. Wise financial decision making will help people from bankruptcy, fraudulent investments, poor personal financial planning. The ability to make wise money decisions is a basis for ones current and long-term well-being.

The study tries to find out whether men and women have different financial decision making strategies while making purchases for their daily necessities. Here the purchase consists of purchase of necessities like food and utilities to saving and investment products. Since financial decisions are difficult, the study focuses on the usage of tools/techniques which help the decision making in money matters. The tools are considered such as cost comparison, cost-benefit analysis, calculation of future expenses and budgeting. The usage of these four strategies on occasions like buying a car, choosing a college for their children, food & utilities, owning a house/property, buying a cell phone/internet plan and investing their savings.

**Cost comparison**

The Cambridge Business English Dictionary defines cost comparison as "the process of comparing the price of different products or services" cost comparison, though it is a time consuming activity, is a very useful tool to help reduce your expenses and live within your means.

**Cost-benefit analysis**

Cost-Benefit Analysis (CBA) involves adding up the benefits of a course of action and then comparing these with the cost associated with its. It is an analytical tool for assessing the pros and cons of moving forward with a financial decision.

**Calculation of future expenses**

Business Dictionary defines this as an estimated quantification of the amount of a prospective expenditure. Estimation of these future cost will enable the buyers to budget their expenditures.

**Budgeting**

To allow or provide a particular amount of money in a budget is called budgeting. Planning and monitoring budget will help identify wasteful expenditures, adapt quickly as you financial situation changes and achieve financial goals.

**OBJECTIVES OF THE STUDY**

To assess the gender difference on usage of financial decision making tools while making purchases.

**RESEARCH METHODOLOGY**

The population of the survey was elite working professionals with post graduation as base qualification in the Ernakulam district of Kerala. The sample size is 60 which comprises of 30 males and 30 females selected randomly. Data were collected by using a structured questionnaire and analysed using simple average method.

**RESULTS**

The respondents were asked to express their opinion regarding the tools they have been using for various decision making situations like buying a car, choosing a college for their children, purchase of food and utilities, owning a house/property, buying a mobile phone and investing their savings. Four types of tools are given - cost comparison, cost benefit analysis, calculation of future expenses and budgeting. The data received are explained in the following table:

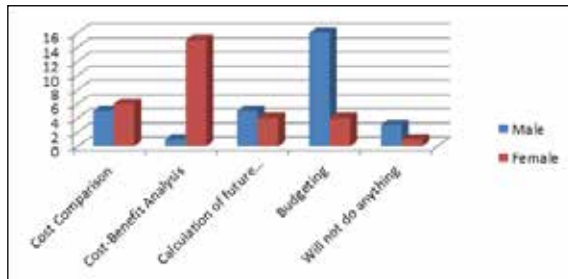
**Table: 1**  
**Decision making tools used for various purchases**

Plan of action	Buying a car		Choosing a college for your children		Food & Utilities		Owning a house/property		Buying a cell phone		Investing your savings	
	M	F	M	F	M	F	M	F	M	F	M	F
Cost Comparison	5	6	5	6	12	6	3	6	5	4	1	0
Cost-Benefit Analysis	1	15	4	15	5	4	8	5	13	14	16	5
Calculation of future Expenses	5	4	1	4	9	3	5	3	1	2	6	10
Budgeting	16	4	14	4	0	11	11	8	7	4	3	3
Will not do anything	3	1	6	1	4	6	3	8	4	6	4	12
Total	30	30	30	30	30	30	30	30	30	30	30	30

**Buying a car**

**Figure: 1**

**Decision making when buying a car**



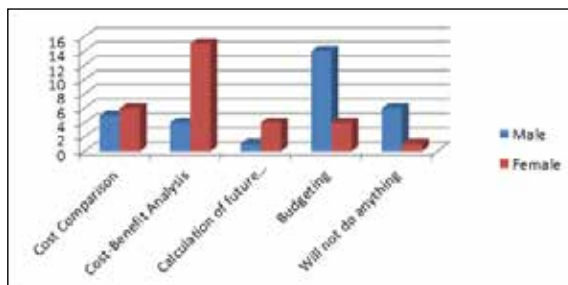
While asking about the financial decision making technique at the time of purchasing a car, 53% of males responded that they opt budgeting. On the other side 50% females uses cost- benefit analysis. The males and females (16% & 14% respectively) replied similarly and gave importance to the future expenses of maintaining a car.

More than 90% of the respondents opined that they are familiar in using the sophisticated financial tools while making purchase decisions. It is evident that men are keen on budgeting and women focuses more on the benefits they are going to derive from spending money on buying car.

Choosing a college for your children

**Figure: 2**

**Decision making when choosing a college for your children**

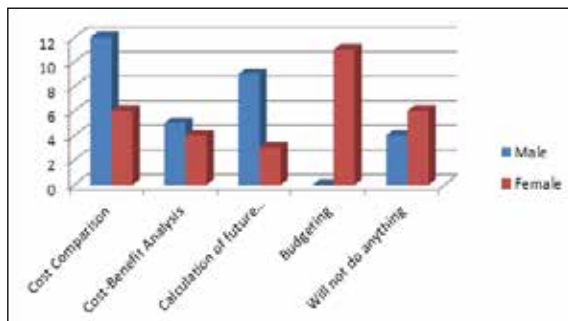


50% of female respondents are of the opinion that they prefer benefits and utilities more to budgeting as preferred by their male counter parts while choosing a college for their children.

**Purchasing Food & Utilities**

**Figure: 3**

**Decision making when purchasing Food & Utilities**

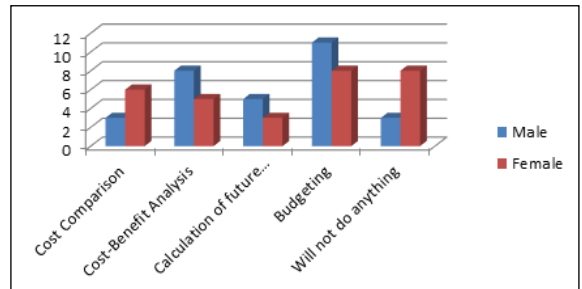


37% of females said budgeting matters in food and utilities purchase decisions while none of the male counterparts given importance to budgeting. Cost comparison and calculation of future expenses are weighed more by males (40% and 30% respectively).

**Owning a house/property**

**Figure: 4**

**Decision making when owning a house/property**



36% males and 26% females gave importance to budgeting while purchase a house or property. Remaining 26% male and 16% female compare the benefits derived from their decisions to the cost.

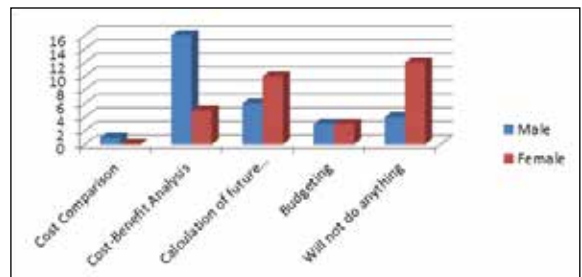
**Buying a mobile phone**

When it comes to purchase of mobile both men (43%) and female (46%) voted for cost benefit analysis and share the same opinion.

**Investing your savings**

**Figure: 5**

**Decision making when investing your savings**



It is important that 40% of females have not responded to the question on investment of savings. Whereas 53% of male respondents stated that they make use of cost-benefit analysis while making investment decisions.

**CONCLUSION**

As purchases become more personalized and gender based, there is an increasing need to understand how purchase decisions are arrived and vary from one gender to another. This study investigates whether gender differences have considerable impact on differences in using 'financial decision making tools' – cost comparison, cost benefit analysis, calculation of future expenses and budgeting - for purchase decisions made. The sample size is 60 which comprise 30 males and 30 females belonging to elite working professionals with Post Graduation as base qualification in Ernakulam district of kerala, producing the following conclusions:

Male and female respondents under study use various financial decision making tools when they confront any problem of making a decision on purchases. But their approaches towards these tools are different, male respondents seems to be logical and practical in using financial tools and budget exercises for making major purchase decisions like buying a car, choosing a college for their children or investing their savings. It is interesting to note that none of the male respondents follow budgeting on food and utilities; on the other side 37% of females responded for budgeting. More than that 40% of female respondents have not responded to question on investments and savings. The study concludes that there exists a gender difference on usage of financial decision making tools while making purchases and men are more rational in using financial decision making tools for purchases than their female counterparts.

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