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An Investigation of the Gender Factor Investment Decisions: A Link between Psychology and Behavioral Finance

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Abstract

Investment decisions are improved by applying a proper financial framework. Men and women personals have different ideas and thoughts about the investment process in the global market. This benefits these individuals to depend upon long-term and short-term investment processes. Societal, environmental, psychological and financial factors play an essential role in successfully shaping individuals' psychological and behavioral aspects. Investment strategies of men and women are different from each other. Female personals identify risk factors, and male personals cannot identify all factors successfully. Hence, the aim of this research is to investigate the gender factors involved with investment decisions. For this, the researchers use interpretivism research philosophy and an inductive research approach with the help of qualitative research design. These individuals collect secondary data from peer-reviewed journals which are published after 2019. Thematic data analysis has been done to interpret non-numeric data. Historically, men take necessary steps to make investment decisions, and women are busy with household responsibilities and family members daily. Women need to be more capable of understanding tricky financial rules and duties during the investment process. As a result, these individuals want to avoid making investment decisions successfully. This is effectively beneficial for an individual to gather better financial outcomes. Psychological and behavioral aspects are valuable for these individuals to maintain a better investment process in their daily activities. Social, psychological, and environmental factors are essential for individuals to improve their investment-related decisions. Men and women personnel in the global market gain potential financial outcomes with the help of a proper investment process.

Keywords: Gender factor, Investment decision, psychology, behavioral.

1. Introduction

The gender dimension plays an essential role in the decision-making process of the investment process. The psychological and behavioral factors of all individuals are different from each other. Consequently, the investment process of diverse individuals is hampered due to these factors. The study mainly explores the potential influence of gender on decision-making styles, investment outcomes, investment behavior, and risk tolerance. Distinct gender-based investment patterns can shape societal expectations and traditional gender stereotypes within an industry. Women face various societal barriers essential to developing investment choices for women in their daily activities. On the other hand, women always try to invest in different investment areas than men. These individuals can present more risk-averse tendencies during the investment process. Various factors are available which are essential to study the gender factor in investment decisions. The gender equality process is developed by applying the role of gender factors in investment decisions. The numerous societal spheres are affected by gender factors in the global market, including money and investing. Societal expectations, economic opportunities, and decision-making are adequately maintained with the traditional notions of gender roles and stereotypes in the worldwide market. As a result, the investment process is developed by men and women to improve behavioral and psychological finance. In recent times, the World has tried to create a gender equality process; consequently, it becomes vital to examine the role of gender factors in the decision-making. It can positively impact potential financial outcomes in the global market. Investment decisions are complex and multifaceted processes that involve evaluating opportunities, allocating resources, and assessing risks related to the investment process. More inclusive and equitable financial systems are developed by applying gender factors in psychological and behavioral finance. Investment strategies, risk preferences, and financial literacy levels differ for men and women personals in their daily activities. These differences come from social, cultural, biological, and psychological factors essential to developing individuals' beliefs and attitudes about finance.

1.1 Aims and objectives

The study aims to understand financial and psychological behavioral factors among male and female personnel during investment decisions. Regarding this, the specific objectives of this study are,

- To understand gender variations in the risk preferences within psychology and behavioral finance
- To explore gender stereotypes and societal expectations on investment decisions
- To analyze the influence of gender diversity in decision-making bodies on investment
- To identify psychological and behavioral changes in gender-specific implications during the investment process

2. Methods

The methodological paradigm helps the researcher to follow different methods for the specific research study. Philosophy, approach, design, and data collection processes are various methods. This study uses ***interpretivism research philosophy*** to gain more ideas and skills about the subject matter. It is indispensable for the researcher to understand the nature of the survey (Alharahsheh & Pius, 2020). On the other hand, the positivist research philosophy is capable enough to have more statistical reliance. Hence, statistical and numerical data analysis is not needed for the study. As a result, the researcher should follow the interpretivism research philosophy for this study. One of the best research approaches is the inductive approach, and ***an inductive approach*** has been used in this study. The inductive research approach is essential in developing different theories related to the subject matter. The deductive approach can test all existing hypotheses successfully.

The inductive approach provides an opportunity to produce new and original viewpoints of the study. The study needs to be finished within a given deadline. Research design plays a significant role in maintaining proper processes and strategies. In this study, ***a qualitative research design*** has been used to find all answers to the research. It is a significant research method that is helpful to gain subjective knowledge, experiences, and skills for the study. A deeper understanding of phenomena, context, and experiences is developed through qualitative research design (Tomaszewski, Zarestky & Gonzalez, 2020). More and various research strategies are improved by the researcher with the help of this research design. Primary and secondary two types of data collection processes are available, and this study uses a ***secondary data collection process*** in this study. This process is helpful for the researcher to save time and money during the research process.

The research used data and information related to the subject matter from different peer-reviewed journals whose publication date is after 2019. The journals, which include information on gender factors in the financial decision-making process, are selected for the study. The secondary data collection process helps the researcher to analyze the existing information in a new way (Ruggiano & Perry, 2019). The analysis is done with the help of secondary qualitative data analysis. The researcher develops different themes to significantly develop the strength and quality of the study. Non-numeric data analysis is done for the study with thematic data analysis.

3. Results

3.1 Impact of gender factors on investment decisions

Investment decisions play an essential role in improving the financial condition successfully. Women have lower confidence in financial matters due to gender discrimination within society. These individuals face societal barriers in the global market to improve their psychological and behavioral factors. Women professionals need to be more capable to achieve different investment opportunities globally. As a result, these individuals may need help to invest in other sectors. Investment decisions are developed through the application of varying gender factors. These factors are societal norms, investment preferences, risk tolerance, access to financial resources, confidence, and financial literacy (Metawa *et al.,* 2019). These factors create a positive impact on the potential economic outcomes successfully. Women can overcome their barriers in society with the help of these factors in their daily activities. A range of personal and environmental factors create a positive impact on the investment decisions of individuals. Females may need to be more optimistic about their investment process due to societal challenges and barriers in the global market. On the other hand, males are to be overly confident in their ability to make investments.

Male individuals can achieve better investment returns than women, and these individuals are quickly engaged in different investment processes globally. Societal expectations and traditional gender roles can positively impact investment decisions globally (Ainia & Lutfi, 2019). Male individuals are involved in various financial operations, including investments worldwide. Women individuals are identified as less knowledgeable and confident in financial matters. On the other hand, male individuals are more knowledgeable and confident in economic sectors. This gender discrimination is developed within society due to social rules and regulations. Women are always busy with the responsibilities of their family members, and these individuals need to be more capable to understand different financial norms and tricks. As a result, these individuals need to be more talented to successfully improve their characteristics and social duties. Males have a more significant risk tolerance than women in their daily activities. It creates a negative impact on the personality and characteristics of females.

Men can invest more to pursue better profits in the global market, and these individuals are easily inclined to take on higher-risk investments. On the other hand, women cannot manage all risks related to the investment process. These individuals are effectively cautious about risk-averse investing techniques. Investment preferences are developed by applying proper investment techniques (Lusardi, 2019). Women have used the socially conscious investment process. This can take into account the environmental, social, and governance aspects successfully. Women, in their daily activities, mainly focus on long-term goals. On the other hand, males always try to make a short investment and gain more favorable outcomes through this process. This is valuable for an individual to develop their financial condition significantly.

3.2 Gender differences in risk perception of Investments

Risk perception, overconfidence, risk tolerance, and loss aversion negatively impact investment decision-making. The risk perception has a significant and negative impact on investment decision-making. Hence, overconfidence and risk tolerance have a positive impact on this process. Loss aversion does not affect the decision-making framework globally. The study helps an individual to know the dealing process of risks in investment. Behavioral biases are avoided by applying the decision-making process globally (Alsharawy *et al.* 2021). The rapid development of technology creates a positive impact on economic purposes. As a result, men and women are benefitted from the investment decision-making process. A low-risk investment is considered with the help of high-risk perception in this particular framework. This is beneficial for these individuals to develop their financial conditions. Women experience high stress at the thought of losing money because of their investment choices in the global market. Men can easily manage their stress and anxiety after losing considerable money.

Psychological behavior is hampered due to a need for a proper investment decision-making process. Investment behavior is developed by applying gender differences in the global market. Behavioral investing in this study creates the gap between investing and psychology. The financial and investment industry can maintain its activities successfully with the help of behavioral finance. Investors may need help to make rational investment decisions in the general behavioral finance concept (Ko *et al.* 2020). Females may only be able to trust some stakeholders during the investment process. As a result, these individuals always identify the advantages and disadvantages of the investment framework. Consequently, these females do not experience high stress from losing money in their daily activities. Males always try to invest in different places before searching for any framework. These individuals can manage their stress and behavior after losing considerable investments in the global market. Individuals' Psychological and social behavior are hampered due to this investment decision in the worldwide market.

3.3 Behavioral biases and societal expectations on investment decisions

Investment always acquired some objects that may be practical or digital to gain profit from that. Investors invest their money in the business to gain profit from this business. On the other hand individuals invest in something because they hope for a greater result from this product in the future (Eccles and Klimenko, 2019). Investment is not only a form of money. It can be effort, time, or other, which can create fruitful results for individuals. Investment not only gives profit as a return because there are a lot of risks included in the investment process. The main objective of the investment is getting profit from those assets and increasing value over the year. Various factors are included in the investment decision where an individual or companies cross-check to match their criteria.

An individual's behavior affects the investment decision because different types of behavior create a different presentation in front of the investors. From the investors' perspective, if the behavior cannot match the investor's expectations, it may affect their decision. Four behavioral biases can affect investment decisions: ***Overconfidence, Anchoring, Disposition effect, and Herding bias*** (Madaan and Singh, 2019). These four behavioral biases affect the investment decision, and these four factors more positively or negatively influence investors. ***Overconfidence*** is a physiological trait that has an impact on investment decisions because it reflects a negative attitude toward investors. In financial decisions, knowledge about the market and implementing all the knowledge in the investment process is more important. On the other hand, overconfidence creates an obstacle to decision-making because individuals who have a lot of overconfidence about the market have a maximum number of times they are making a wrong decision. Considering that this overconfidence behavioral issue affects the investment decision.

In the finance market, investment is an important factor, ***Herding bias;*** this behavioral bias shows a different nature of humans that affects the investment decision. The financial market has to go through a maximum time in a volatile condition for that investment decision based on market anomalies, price bubbles, rumours, presence of the herding effect. ***Anchoring*** is a judgmental bias where this behavioral bias is based on the suboptimal decisions of investors in the decision-making process. ***The disposition effect*** is also important for human bias, where this indicates a difference between the fraction of realised gains and the fraction of realised losses. In the end, behavior directly affects investment decisions, and based on behavioral bias, investors make decisions about their investments.

Social expectations also play a major role during investment decisions because a social image is important to raise investment. Social expectations mean a good image in society or business and their knowledge about the market (Van Baar *et al.* 2019). Individuals create a good image in the market that helps them to raise investment. On the other hand, some companies decrease their brand image because of their different issues, which create an obstacle during raising investment. Considering that investors mostly want to invest in well-reputed products or invest in a new product where inventors have a good reputation. A good image in the market is important; either a bad image can affect the investment decision because investors have some social expectation for the products. The influence of the products on the market is also a point for investment; if society does not gain any positive result from this product, then investors may disagree with the investment.

3.4 Importance of psychological and behavioral factors on investors' financial decisions

Psychological and behavioral factors are essential for the financial decision-making process in the global market. Psychological factors are available, such as personality, cohesion, motivations, and stress. These factors are valuable for male and female personnel to make proper decisions related to the investment process. Stress and anxiety-related challenges are also faced by these individuals globally. These individuals also face personality issues due to financial decisions in the global market. Good psychological behavior is essential in making proper decisions related to the investment framework (Metawa *et al.* 2019). Psychological biases create a positive impact on financial decision-making. The biases are mitigated by applying different strategies in the global market. Other monetary methods improve investment decisions. A stakeholder and investor gain financial goals and objectives with the help of a proper framework. Financial risk tolerance plays a significant role in financial service providers in a post-global financial crisis environment. The financial service providers benefit from different financial strategies globally.

Different types of financial strategies are available to reach money goals. The first strategy is to start with a written plan for the investment process. An individual can easily plan for a proper decision-making process with the help of a written plan. It is valuable for an individual to outline the proposed strategy successfully. This written plan develops a solid financial system. The investors gain a specific objective with the help of written plans, and an individual needs to measure progress toward the goals (Talwar *et al.* 2021). A particular time frame is needed for these individuals for the written plans. Investors and stakeholders benefit from these written plans. Unnecessary expenses should be cut down for the investment process globally. As a result, male and female personnel can easily invest in different financial sectors with these strategies. A great practice helps an individual to be more financially independent in the global market. Every investor is responsible for focusing on the Short-Term Goals First, as an individual can quickly achieve these goals successfully. This is valuable for the investors to earn high profits after the investment process. The investors are responsible for making a proper budget for their investment criteria. The budget plan should be included in the money goal. As a result, investors and stakeholders can make appropriate investments successfully.

4. Discussion

Psychological and behavioral aspects are valuable for investors and stakeholders in the global market. Psychological factors are available, such as motivation, cohesion, personality, and others. These factors play an essential role in successfully improving the investment process. Societal norms, risk tolerance, and other parameters benefit the investment framework in the global market. A range of personal and environmental factors create a positive impact on the investment decisions of individuals. Four behavioral biases can affect investment decisions: Overconfidence, Anchoring, Disposition effect, and Herding bias. These factors play an essential role in improving the decision-making process successfully. These individuals also face trust-related issues in the global market. Societal, environmental, and other psychological factors benefit the investment process. Psychological and behavioral aspects are developed through the application of financial strategies. Overconfidence creates a negative impact on the decision-making process of the investment process globally. A person who has overconfidence this individual always makes wrong decisions about financial factors globally.

Financial strategies are valuable for these individuals to maintain different strategies in the global market. Herding bias is one type of human bias that can negatively impact financial decisions. The financial market has to go through a maximum time in a volatile condition for that investment decision based on market anomalies, price bubbles, rumors, presence of the herding effect. Females and males get an opportunity to make proper decisions related to the financial decisions in the market. This written plan develops a solid financial strategy. A specific objective is gained by the investors with the help of written procedures. Strategic and systematic plans play a significant role in developing different financial strategies in the global market. Financial decisions are essential for investors and stakeholders to achieve prominent economic outcomes. These individuals develop long-term and short-term goals in the worldwide market to improve strategic decision plans successfully. Psychological and social behavior is essential factors in improving financial decisions. Trust-related issues are faced by female personnel globally before investing in the financial sector. These individuals cannot invest in different aspects of the strategic decisions. Financial plans are effectively beneficial for these individuals to gain high financial aspects successfully.

Investors and stakeholders always try to gain high profits from the market successfully. This is effectively beneficial for the females and males to maintain a strategic plan in the investment processes. Women may not be able to take part in the decision-making process for financial decisions; hence, males are capable enough to make different financial decisions. The influence of the products on the market is also a point for investment; if society does not gain any positive result from this product, investors may disagree with the acquisition. Risk tolerance is one of the behavioral aspects by which the standard decision-making process is developed correctly. Reliable and valid recommendations are provided by risk tolerance for the study. Investors and stakeholders must understand the value of time globally. A good image in the market is essential; either a bad idea can affect the investment decision because investors have some social expectations for the products. Different financial goals are developed through the application of the investment process. Financial strategies play a significant role in improving the investment process. Females and males both get an opportunity to take part in the financial decision-making process globally. Gender discrimination-related challenges are also mitigated by these financial plans. Gender factors are developed through the financial decision making process worldwide. It is valuable for stakeholders and investors to make different investment within various financial sectors.

5. Conclusion

Investment-related decisions are different from each other in the global market. Males can invest in any financial sector to gain favorable economic outcomes. On the other hand, females are not capable enough to invest in different industries, and these individuals always try to identify all tricks of financial investment. The psychological and behavioral aspects are developed through the application of financial assets. Males and females are not capable enough to interact with their family members due to a lack of different factors. Social, psychological, environmental, and other factors negatively impact financial decisions. The research work can explore gender differences in financial risk tolerance using a large, nationally representative dataset successfully. The explanatory variables are effectively crucial for the study to make different decisions. These factors can decompose gender differences in financial risk tolerance. A fundamental dimension is known as risk-taking in the global market.

An individual can explain the psychological and behavioral differences between different individuals globally. Risk tolerance indicates the degree to which an individual takes risks related to the investment process. This is beneficial for individuals to make additional investments successfully in this study. Risk tolerance plays a significant role in household portfolio decisions by which individuals can easily invest in other processes globally. Individuals and investors need to be more capable of reaching their financial goals in the market. The investment decision-making process could be improved due to risk tolerance. These individuals should develop the risk management process in the global market. As a result, male and female personnel cannot maintain their psychological and behavioral finance globally.

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