INDIAN GENDER DIFFERENCES IN RETIREMENT PLANNING

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ABSTRACT

People in India is still unaware about the issue of retirement saving. Many banks and financial institution offer various retirement products and motivates the employees to save for the same but still the initiatives taken by most of the people to activate in this area is negligible. Most of them think that government as well as employer will look after this issue of their golden year’s expenses. But they are not aware about the amount of money required during their retirement which is quite more than what is saved by their government and company. Lack of enough saving among most of the Indian employees makes us think about their financial liquidity during their retirement. In order to understand about their failure to save for retirement and the reason behind it, the present study tries to find out gender as one of the differential factor that influence retirement planning and saving behavior of the employees in Gujarat.

The objective of this study was to find out the relationship between gender and the retirement saving behavior of private sector employees in Gujarat region.

The researcher has used Descriptive and non-experimental type of research design by surveying the sample of private sector employees with the age group from 25 to 60 years from the four different regions of Gujarat like Surat, Navsari, Ahemdabad, Gandhinagar, Rajkot, Jamnagar, Mehsana, Palanpur etc. through Questionnaire method.

The researcher found that there is significant difference between gender and retirement saving behavior of private sector employees. The results revealed that male or female has different attitude towards the saving pattern of life. Again more pains should be taken to convince the gender category which has less interest in saving for retirement saving behavior and explained the benefits and returns of retirement saving behavior.

KEY WORDS: Retirement, Savings, Gender, Financial advisor, Investors.
“Old age is like everything else. To make a success of it, you’ve got to start young”. – Fred Astaire

The issue of the senior citizens is the emerging global challenge of the 21st century. The global population ageing is 690 million people. Today, as per the Population Division figures of 2006, there are 690 million people over the age of sixty years. This means that 11% of the total world populations are senior citizens. The senior citizens have been defined as those above the age of 60 years. This population will grow to 2 billion people by 2050, which would be 22% of the total world population.

As ageing population in India is increasing recently, the question of guaranteed adequate retirement incomes has received greater attention now days. Significant trend in this field of retirement saving behavior is the shift away from defined benefit (DB) to defined contribution (DC) plans. For example in US, there is a growth of Defined Contribution plan and a decline of Defined benefit plan according to Dulebohn, Murray and Sun (2000) report. In certain DC plans, the responsibility for handling retirement funds is shifted from government or employer to the individual fund member. Due to this the members have options to decide the amount of investment and the allocation of those investment assets.

 Compared to developing countries, India can be considered ‘Young’, with a vast majority of working age population, and so the dependency ratio is not very unfavorable. But this ‘Population Dividend’ will gradually disappear within the next four to five decades, and the country will face the same type of situation that the developed countries are witnessing today, of a rapidly ageing society. According to the alarming demographic statistics, India faces a high growth of non-working dependent elderly population. Thinking much deeper, also the life expectancy of the individuals increases due to various innovations and improvements. Hence the individual is required to fund a longer retirement life, as the number of retirement year’s increase. It is therefore advisable to have a planned approach to retirement planning which is the critical according to the need of the era.

In India, currently no private sector employees are given social security by the government, only public sector employees are given pension by the government after retirement.
No doubt the EPF scheme is available to certain corporate sector as well as government sector both. But self-employed employees have to rely on their own private saving as far as retirement security is concerned. There is one investment option available to all employees publicly is Public Provident Fund i.e. PPF. This scheme is under the control of government and therefore had very poor asset management. In case state government controlled pension fund given to government employees, the participant has no saying about the amount of saving, where to invest etc. and political variation is also likely to affect it. The retirement corpus so gathered by the government is used for the development of the country and also for removing the deficit in the budgets. Oasis report project prepared by Dr. Dave advised that the funds gathered from the pension fund and provident fund of the employees should be used to create wealth for the poorest of poor of the country instead using it for financing the budgetary deficit. Here the fund manager managing the EPF and EPS should make the investment of such funds in market and the declaration of net assets should be done on daily basis, if they wanted to prove them accountable and professional.

LITERATURE REVIEW

A small piece of research tried to examine the factors that assist retirees in successfully adapting the retirement phase. For instance, literature found that attitude toward retirement and retirement planning behaviors are important in satisfactory adjustment to retirement (Atchley, 1982). Both planning for retirement and attitudes toward retirement were found to be related to various contextual factors in both pre- and post-retirement groups.

The relation between demographic variables and the purchase of financial products for savings were highly illustrated in the literature (Browning, 1996; Guiso et al. 2002). Much of the literature tested the effect of demographics on levels of individual wealth and savings as well as on the relationship between retirement and financial behavior (Mariger 1987; Jappelli 1990).

Earlier studies have investigated gender differences in retirement saving investment decisions, for example Bajtelsmit et.al. (1999) and Hinz et al. (1997), mentioned that women as compared to men were inclined to invest their retirement funds in less risky products. Moreover, Powell and Ansic (1997) observed that women seemed to be more cautious buyers of financial
instrument, and thus retirement planning and investment were likely to be affected. Sunden and Surette (1998) contended analogous findings in their study on gender differences in retirement investment decisions and their savings behavior.

A small handful of studies examined gender differences in retirement planning and attitude towards retirement. Literature demonstrated gender to be an important determining factor in both attitude toward retirement (Streib & Schneider, 1971; Szinovacz, (1980) and retirement planning (Kilty & Behling, 1986). Women were less likely to plan for major life transitions than men as explored in literature. The study revealed that women were more likely to resist planning and to focus their attention and plans on the aspirations of the men in their lives. In one of the surveys the researcher found that men and women also differ in attitudes toward money management. Men considered money management to be related to long-term investment goals, such as planning for retirement, whereas Women's money management were concerned mainly on balancing checkbooks, paying bills, and shopping for bargains. Increasing number of single parent woman whose major concern was day to day economic survival were discussed as the cause of these increasing differences. Combined with previously discussed theoretical assumptions related to gender differences, the result suggested that the order of importance of specific contextual factors related to attitudes toward retirement and retirement planning might differ for men and women. Therefore, the research also examined the relationship of the above mentioned factors to retirement planning and attitudes toward retirement individually for men and women.

**RESEARCH METHODOLOGY**

- **Statement of problem**

People in India is still unaware about the issue of retirement saving. Many banks and financial institution offer various retirement products and motivates the employees to save for the same but still the initiatives taken by most of the people to activate in this area is negligible. Most of them think that government as well as employer will look after this issue of their golden year’s expenses. But they are not aware about the amount of money required during their retirement
which is quite more than what is saved by their government and company. Lack of enough
saving among most of the Indian employees makes us think about their financial liquidity during
their retirement. In order to understand about their failure to save for retirement and the reason
behind it, the present study tries to find out gender as one of the differential factor that influence
retirement planning and saving behavior of the employees in Gujarat.

- **Research Question**

Is there any association between gender of the respondents and the saving tendencies of private
sector employees of Gujarat?

- **Objective of the study**

The objective of the study was to find out the relationship between gender and the retirement
saving behavior of the private sector employees in Gujarat.

- **Hypothesis of the study**

H₀: There is no association between gender and retirement saving behavior of private sector
employees.

H₁: There is some association between gender and retirement saving behavior of private sector
employees.

- **Research Design**

The non-experimental form of study is based on both primary as well as secondary data. Thus
the present study is ‘Descriptive and Non-experimental’ in nature. So finally the study can also
be described as Single Cross-Sectional Descriptive Research Design.

- **Sampling Design**

Sampling design is one of the important parts of any research study. Sampling frame, sampling
technique and sample size determination are main components of sampling design.

- **Sampling Frame**

The study has the population base in Ahmedabad, Mehsana, Rajkot and Surat region of Gujarat
State. The researcher has taken the sample representation from every direction of Gujarat i.e
North, West, South and East. The population of this study was employees of private sector
companies of the major cities in all four regions of Gujarat i.e Ahmedabad and Gandhinagar in
Central Region; Surat, Bharuch, Navsari and Ankleshwar in South Region; Rajkot, Jamnagar,
Gondal in Saurashtra region and Mehsana, Palanpur in North Gujarat Region. Researcher’s convenience was considered while selecting the sample from various areas of Gujarat. A total of 450 employees respondent members have participated in the survey through structured research questionnaire, and out of which 400 total respondent members have filled the questionnaire completely. This is an 89 per cent response rate. Out of 450, 50 were void because of incomplete data, not returned in due time, at a time many tick marks etc., i.e. missing frequencies in SPSS Worksheet.

- **Sampling Technique**

To examine the relationship of the gender with an individual’s tendencies to save, the present study have been collected relevant primary data by using non-probability sampling method i.e. Convenience Sampling. Private sector employees from all directions of Gujarat were selected randomly to gather information about their retirement saving behavior.

- **Sample Size Determination**

A survey is being planned to determine what proportion of employees in a certain region are saving for retirement. It is believed that the proportion cannot be greater than 0.50. A 95 percent confidence interval is desired width $d=0.05$. Now using the formula given below:

$$n = \frac{Z^2pq}{d^2}$$

Here $Z = 1.96$, $p = 0.5$, $q = 0.5$, $d = 0.05$

$$n = \frac{1.96^2 \times 0.5 \times 0.5}{0.05^2}$$

$$n = 384.16 \approx 385$$

- **Data Collection Instrument**

To examine the relationship of the gender with an individual’s tendencies to save for retirement, the data have been collected with the help of structured non-disguised questionnaire. Summated scale also called as Likert Scale was used by researcher to measure the data collected. Likert Scale is commonly used rating scale in which the respondents are required to indicate a degree of agreement or disagreement with each of a series of statements about the retirement
saving behavior of the individual. A five-point Likert-type scale is used in this study, ranging from “strongly disagree” to “strongly agree”.

Primary data was collected through a structured questionnaire. The secondary sources include literature review from various journals, magazines and websites, government publication, research reports and survey reports.

- **Data Analysis Techniques**

The collected data have been processed and analyzed in accordance with the objectives and requirement of the study. After editing, coding and classification, Multivariate techniques like Reliability test, Frequency Distribution and Independent Sample T-test were used for analysis. The hypotheses have been tested at 5 per cent level of significance. The data have been analyzed by using software like Microsoft Excel and SPSS for windows.

**DATA ANALYSIS**

**Table 1: Demographic Profile of Respondents**

<table>
<thead>
<tr>
<th>Demographic Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>336</td>
<td>84</td>
</tr>
<tr>
<td>Female</td>
<td>64</td>
<td>16</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 30 yrs</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>31-40 yrs</td>
<td>185</td>
<td>46.2</td>
</tr>
<tr>
<td>41-50 yrs</td>
<td>109</td>
<td>27.2</td>
</tr>
<tr>
<td>More than 50 yrs</td>
<td>26</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High School degree</td>
<td>48</td>
<td>12</td>
</tr>
<tr>
<td>Graduation</td>
<td>163</td>
<td>40.8</td>
</tr>
<tr>
<td>Post Graduation</td>
<td>134</td>
<td>33.5</td>
</tr>
<tr>
<td>Diploma degree</td>
<td>39</td>
<td>9.8</td>
</tr>
<tr>
<td>Doctoral degree</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>Income</td>
<td>Less Than 2,00,000</td>
<td>2,00,001 to 3,00,000</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>353</td>
<td></td>
</tr>
<tr>
<td>Unmarried</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>Family size</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 2</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>2-4</td>
<td>226</td>
<td></td>
</tr>
<tr>
<td>5-8</td>
<td>139</td>
<td></td>
</tr>
<tr>
<td>More than 8</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Employment status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent employee</td>
<td>351</td>
<td></td>
</tr>
<tr>
<td>Part time employee</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Daily wages/Contract</td>
<td>23</td>
<td></td>
</tr>
</tbody>
</table>

Chart.1: Retirement Saving Rate from Income
Here the frequency analysis was started by studying the percentage of income the respondents was ready to invest for their retirement saving plan. From the above graphical presentation it was found that the highest respondents were investing 11-20% of their income for retirement i.e. 162 which was 41 % of the total responses, followed by the respondents investing 21-30% of their income for the savings of retirement i.e. 28% of the total responses. The remaining respondents invest less than 10% (n=98) and more than 30% (30) of their income for the retirement planning. The saving rate was affected by various factors like gender, level of income group, culture, background etc. according to literature.

The 8 Question likert scale instrument were developed which was adapted from Neukam & Herhsey (2003) to measure the employee’s retirement saving behavior. Reliability Statistics of Retirement Saving Behavior Scale is as under:

**Table 2: Table of Reliability Statistics of Retirement Saving Behavior Scale.**

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Saving Behavior</td>
<td>0.657</td>
</tr>
</tbody>
</table>

**Table 3: T-test of Gender and Retirement Saving Behavior**

<table>
<thead>
<tr>
<th>Retirement Saving Behaviour</th>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td></td>
<td>1.011</td>
<td>0.315</td>
</tr>
</tbody>
</table>

**Interpretation**

Independent Sample T-Test was performed to examine the difference between Gender and Retirement Saving Behavior of private sector employees. As per Levene’s Test for Equality of
Variance, it was observed that the variances among the items to be tested \[ p (0.315) > 0.05 \] were equal so further we have to look in T-test table. T-Test for equality of means revealed that there was a significant mean difference among the two variables that is Gender and Retirement Saving Behavior of private sector employees \[ p (0.033) < 0.05 \] indicating the rejection of \( H_0 \).

**Findings**

From one-sample t-test it was found that there is significant difference between gender and retirement saving behavior of private sector employees. That is it could be found that the attitude of retirement saving behavior of males and females were not equal.

**Suggestions**

This means that male or female has different attitude towards the saving pattern of life. Again more pains should be taken to convince the gender category which has less interest in saving for retirement saving behavior and explained the benefits and returns of retirement saving behavior.

**Implication of the research**

The results of this research would also help financial planning professionals through their practical application. The advisor can do personalized assessments and take a step further by studying the one- to-one interventions and attempts to develop "gender-appropriate" degree of risk tolerance among investors.

This study will be helpful to the economists and policy makers in the context of framing policies and taking decisions in the areas related to savings and consumption of the individual in a particular country.

This study is also helpful to Demographers. The function of the demographers is to divide the total population of the given region into gender based segments or cohorts known as generations. This study is beneficial to sociologist in order to study the social dynamics of people. For e.g. Low level of retirement saving behavior may lead to financial crisis which ultimately results into divorce (separation of husband and wife), social stigma.

Students and research scholars who are conducting research in the same area may get basis for further research from the findings of this study. The results as well as the implication and future scope may motivate the prospective researcher to conduct further research in the same field.
Thus the result of this research has contributed to the field of economists, demographers, psychologists, financial service professionals and sociologists in various different contexts.

CONCLUSION

Ultimately the researcher could conclude that gender has an impact on the retirement saving behavior of the private sector employees. The level of variation could not be measured through this test.

Males could be thinking or acting more in the direction of retirement saving behavior as compared to female as they would be having the responsibility to earn the livelihood for their family. Thus males and females were found to be acting differently for the retirement saving purpose.

REFERENCES


