

Examining the Investment Behavior of Arab Women in the Stock Market

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Abstract : Gender plays a vital role in the stock markets because men and women differ in their behavior when investing in stocks. Accordingly, the role of gender differences in investment behavior is an increasingly important strand in the field of behavioral finance research. The investment behaviors of women relative to men have been examined in the behavioral finance literature, mainly for comparison purposes. Women's roles in the stock market have not been examined in the behavioral finance literature, however, particularly with respect to the Arab region. This study aims to contribute towards a better understanding of the investment behavior of Arab women (in regards to their risk tolerance, investment confidence, and investment literacy levels) relative to Arab men; using a sample from Arab women and men investors living in Saudi Arabia and Jordan. In order to achieve the study's main aim, the researcher used non-parametric tests, as Mann-Whitney U test, along with frequency distribution analysis to analyze the study's primary data. The researcher distributed close-ended online questionnaires to a sample of 550 Arab male and female individuals investing in stocks in both Saudi Arabia and Jordan. The results confirm that the sample Arab women invest less in stocks compared to Arab men due to their risk-averse behaviors and limited confidence levels. The results also reveal that due to Arab women's very low investment literacy levels, they fear from taking the risk and invest often in stocks relative to Arab men. Overall, the study's main variables (risk tolerance, investment confidence, and investment literacy levels) have a combined effect on the investment behavior of Arab women and their limited participation in the stock market. Hence, this study is one of the very first studies that indicate the combined effect of the three main variables (which are usually studied separately in the existing literature) on the investment behavior of women, particularly Arab women. This study makes three important contributions to the growing literature on gender differences in investment behavior. First, while the behavioral finance literature documents evidence on gender differences in investment behaviors in many developed countries, there are very limited studies that investigate such differences in Arab countries. Arab women investors, generally, are ignored from the behavioral finance literature due probably to cultural barriers and data collection difficulties. Thus, this study extends the literature to include Arab women and their investment behaviors when trading stock relative to Arab men. Moreover, the study associates women investment literacy and confidence levels with their financial risk behaviors and participation in the stock market. This study provides direct evidence on Arab women's investment behaviors when trading stocks. Overall, studying Arab women investors is important to investigate whether the investment behavior identified for Western women investors are also found in Arab women investors.

Keywords : Arab women, gender differences, investment behavior, stock markets

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