Masculinity and Femininity As Predictors of Financial Risk-Taking: Evidence From a Priming Study on Gender Salience

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Women have proven to be more risk-averse than men in investment decisions. This difference may stem from biological factors and/or different gender socialization (masculine versus feminine). In the present experiment, gender affiliation was made salient via priming. Gender salience resulted in a high gender identification. Identifying with males or females, respectively, made men to respond in a more masculine and women in a more feminine way. Masculinity affected hypothetical financial risk taking positively, femininity negatively. Differences between men and women in their financial risk taking propensity increased after gender affiliation was made salient. Implications for further research and business practice are discussed.

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EXTENDED ABSTRACT

Women have proven to be more risk-averse than men in investment decisions in many studies (e.g., Bernasek and Shwiff 2001; Jianakoplos and Bernasek 1998; Powell and Ansic 1997). Observed differences between men and women in financial risk taking were explained with regard to various theories, which may be roughly divided into those providing on the one hand biological, and on the other, social explanations, (e.g., Anselmi and Law 1998). Biological theories elaborate on sex differences (male versus female) and assume that hormones and genes are the underlying basis for found differences between men and women in financial risk taking. Social theories identify gender socialization as the underlying cause and therefore specify on gender differences (masculine versus feminine). In two studies (Meier-Pesti and Penz 2003), biological sex and gender as predictors of financial risk taking were explicitly distinguished. Masculinity was confirmed to be a strong predictor of financial risk taking and mediated the effects of biological sex on financial risk taking. Femininity, on the other hand, seemed not to affect financial risk taking.

The present study aims to pursue existing research on effects of masculinity and femininity on the propensity to take financial risk. Through a priming procedure gender affiliation was made salient, which was hypothesized to elicit a high gender identification and responses congruent to sex role stereotypes; making men to act in a more masculine way and women in a more feminine way. Masculinity, in turn, is assumed to affect financial risk taking positively, femininity negatively. Via these effects gender differences in their propensity to take risk should increase.

A random adult sample of 241 respondents completed the questionnaire. Sex was balanced, average age was M=44.08 (SD=14.78), and educational level was rather high. A 2 (biological sex) x 3 (salience of gender affiliation) experimental design was applied. Gender salience was manipulated by either a short text, in which men and women were described as being different, or being similar in behavior and characteristics, or no text in the control group. After this priming task, participants completed a questionnaire that consisted of measures of a) gender identification, b) Bem’s Sex Role Inventory (Bem 1974), c) two risk measures, and socio-demographic variables. In general, participants had the choice between seven answering options.

Manipulation of gender salience was successful: Both texts (differences and similarities) on gender characteristics and behaviors made gender affiliation more salient and increased gender identification in relation to the control group. As both experimental settings produced a difference in relation to the control group, but did not differ within, both experimental settings were accumulated in further analyses.

In a first step, effects of gender identification and biological sex on masculinity and femininity were confirmed in an analyses of co-variance. For women, higher gender identification leads to higher scores on femininity, but had no effect on their description of masculine characteristics. Patterns in the male sub-sample were the other way round: gender identification increased scores on masculinity, but was not correlated to male femininity scores. Interesting to add, only if gender affiliation was made salient men indicated higher scores on masculinity than women. On the femininity scale, biological sex and experimental manipulation on gender salience produced no significant effects.

In a second step, effects of gender salience and biological sex on risk taking were analyzed in an analysis of variance. Interaction between gender salience and biological sex qualified the significant main effect of biological sex. Men and women differed only in the experimental setting in their hypothetical risk taking, and not in the control group. In both risk measures, significant sex differences in risk taking disappeared after masculinity and femininity indices were introduced as covariates. A subsequent path analysis with the two groups (men and women) highlighted the underlying effect patterns: Experimental variation affected gender identity, making participants feeling more close to the social category of men or women, respectively. Gender identity increased femininity in the female sub-sample, and masculinity in the male sub-sample. For both sexes, higher scores on femininity reduced their tendency to take financial and general risk, and masculinity supported hypothetical financial risk taking.

In line with previous research (Meier-Pesti and Penz 2003), high values on the masculinity scale went along with higher financial risk taking. The often found difference between women and men in their tendency to take financial risks seems to be based on different levels of identification with masculine attributes. Recent research has shown that the difference between men and women in terms of masculinity has decreased (Auster and Ohm 2000; Twenge 1997). Women may also display masculine attributes and act in what was traditionally considered a “masculine” way. Therefore, differentiation between sex and gender seems to be crucial. In addition, the present study sheds some light on the underlying process of effects of masculinity and femininity on risk taking. With activated sex categorization gender identification of both sexes increased. Gender identification, in turn, made men to answer in a more masculine, and women in a more feminine way. Trough these effects on femininity and masculinity differences between men and women in their propensity to take general and financial risk increased. Keeping identification to both sex role stereotypes constant eliminated sex differences in hypothetical risk taking.

Sex categorization has a high chronic accessibility in real settings (Stangor et al. 1992) and may influence financial transactions of men and women in the banking practice. E.g., some banking promotion strategies address women only. Women investors are invited to information evenings which are labeled as “ladies events”. But with the presence of only women, feminine stereotypes may be activated and masculine attributes may be suppressed. Activities aimed at reducing female risk aversion may, on the contrary, strengthen this behavior. To find additional support for these assumptions, we plan to conduct a similar experiment in the real setting. By analyzing sex categorization as predictor of actual and hypothesized risk taking, new insights into the understanding of gender differences in investment behavior may be gained.

REFERENCES


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