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Sex or gender? Expanding the sex-based view by introducing masculinity and femininity as predictors of financial risk taking

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Abstract

Women have proven to be more risk-averse than men in investment decisions in many studies. In Western cultures, risk taking is perceived as a masculine characteristic. We therefore hypothesize that the more people associate themselves with masculine attributes, the more financial risks they tend to take, regardless of biological sex. Study 1 showed that differences between men and women in financial risk taking decreased when identification with masculine attributes remained constant. Femininity, on the other hand, was not related to financial risk taking. In the second study, gender priming on masculinity and femininity affected risk taking of the male sample.

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1. Introduction

It is commonly accepted that demographic (e.g., gender, age, education), socio-economic (e.g., income, profession), and personality aspects (e.g., sensation-seeking, attitudes) influence a person's level of financial risk taking (Morse, 1998). Past research shows that women tend to be more risk-averse when investing than men (e.g., Bernasek & Shwiff, 2001; Jianakoplos & Bernasek, 1998; Powell & 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 & Law, 1998). Theories that stress biological reasons label differences between men and women as sex differences and name hormones and genes (Buss, 1989, 1994; Saad & Gill, 2000) as an underlying basis for these differences. In contrast, social and psychological theories outline predominantly sex-specific socialization as a reason for the observed behavioral differences between men and women. In order to stress the social and cultural basis of differences, sociological and psychological theories use the term "gender differences" for describing differences between men and women (e.g., Deaux, 1985; Eagly & Steffen, 1984; Unger, 1979, 1992).

Scientific elaboration on the distinction between sex and gender differences is part of the nature–nurture debate which has a long history in psychology. It is naïve to assume that any differences between men and women can be explained by either biological or social reasons, because both effects interact and can hardly be disentangled (e.g., Anselmi & Law, 1998; Deaux, 1985). However, there is a difference in the temporal perspective and resistance to change, depending on whether observed differences between men and women are predominantly affected by biological or social factors (see e.g., Buss, 1994; Daly & Wilson, 1983).

To our knowledge, in past studies on gender differences in financial risk taking, authors did not explicitly distinguish between biological sex (female and male) and gender (feminine and masculine). Taking into account femininity and masculinity is crucial, because representations of femininity and masculinity have been tackled by changes in social structures and social roles (Eagly, 2001). Recent research has shown that the difference between men and women in terms of masculinity has decreased (e.g., Auster & Ohm, 2000; Twenge, 1997). Masculine attributes are no longer restricted solely to men. Women may also display masculine attributes and act in what was traditionally considered a "masculine" way.

The purpose of this article is to expand research regarding gender differences in financial risk taking. Financial risk taking by men and women was studied by distinguishing between sex and masculinity/femininity as a result of gender socialization. In the first study we captured actual financial investment behavior with a questionnaire. The second experimental study addressed whether priming gender roles may affect financial risk taking. With the distinction into biological sex and masculinity and femininity as gender roles, it is possible to gain new insights into the understanding of gender differences in financial risk taking.

2. Financial risk taking

Risk is an important characteristic of investments and commonly used to classify assets from a macroeconomic perspective (Olsen & Cox, 2001). An asset's risk depends on the