Analyzing Gender Differences in Financial Investment Behavior from a Psychological Androgyny Perspective

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Introduction

General societal beliefs suggest that money is not everything; the Beatles captured the notion when they sang, *Can’t Buy Me Love*. Personal finances, however, influence one’s life greatly, and a negative financial state often leads to a stressed life with far reaching implications on health, education, relationships, enjoyment, and fulfillment. Implementing a successful income management process is an essential component of financial well-being, and a proper investment strategy helps one grow their wealth and avoid these pitfalls. Investing is a privileged money management strategy as people need to have a surplus of income to invest after covering expenses. A significant predictor of a person’s investment behavior is their gender. Gender influences impact many aspects of life, often resulting in disadvantages for women. Specifically, gender differences are evident in financial investing and affect the investment behavior of both males and females (Hira & Loibl, 2008). The inequities of men and women have lasting effects, and the differences in investing behavior of males and females are an outcome of the unbalanced treatment. When analyzing male and female investment behavior, it is clear that historically entrenched, negative gender roles and stereotypes challenge women’s financial future. Resources directed to remedy these inequalities will help women overcome the barriers that have impeded them from being equally successful investors.

Before considering the gender differences in investment behavior, women start financially hindered because of the gender pay gap (Heilman & Kusev, 2017) and their longer life expectancy (DeVaney, 2008). Since women live longer and have lower incomes, the productivity of their investment portfolios is even more crucial than that of men. Nevertheless, female investing tendencies, imposed by gender stereotypes, produce lower results in the current investment format. The forthcoming, comprehensive literature review will establish the ways
gender differences have influenced investment behavior. The concentrated topics include gender
differences in risk, financial literacy and knowledge, investment preferences, overconfidence,
retirement savings, and financial security. First, I introduce gender differences in general risk
taking and then focus on disparities of risk tolerance regarding finances. I then consider the
implications of variation in male and female financial literacy and knowledge. After discussing
aspects encompassed by the two dominant factors, risk tolerance and financial literacy, I take a
feminist economics perspective to observe the influence of gender stereotypes and
sociodemographic factors on the behavioral finance choices of men and women. Finally, I
explore components of investment behavior in people’s older age, such as retirement savings and
financial security.

Following the thorough literature review, I propose a new lens to evaluate gender
differences in financial investment behavior and its relevance to real world practices; it is the
concept of psychological androgy. Psychological androgy stems from the belief that an
individual's level of masculinity and femininity are independent, meaning a person can operate
freely between both dimensions (Dean & Tate, 2017). Psychological androgy itself refers to
individuals having strong personality traits attributed to both males and females—they are high
in masculinity and femininity (Dean & Tate, 2017). The notion that masculinity and femininity
are unrelated to one’s biological sex shows the psychological value gender has in understanding
one’s investment behavior. Ultimately, I anticipate psychological androgy is adaptive
regarding investment behavior because if one has a mix of high levels of masculine and feminine
traits, they benefit by balancing the investment advantages of each gender.

Longer lifespans and lower incomes combined with feminine gender stereotypes towards
investing create significant financial challenges for women. In order to improve investing results
for women, they need to establish a strong investment strategy and take greater agency. A potential point of intervention on gender differences and investment behavior is psychological androgyny. By overcoming strict gender lines, individuals can exist on a two-dimensional scale of masculinity and femininity and benefit from favorable investment tendencies typically associated with each gender.

**Gender Differences in Risk Taking and Financial Risk Tolerance**

Women are generally less likely to take risks; they are more risk averse, which is to have lower risk tolerance (Byrnes, Miller, & Schafer, 1999). Risk tolerance is “the willingness of an individual to engage in a behavior where there is a desirable goal, but reaching the goal is uncertain and accompanied by the possibility of loss” (Grable, 2008; 3). While women are more risk averse, they will take risks but prefer to avoid them. Their tendency to avoid risks can be advantageous at times yet often holds women back. A circumstance qualifies as risk taking when “the behavior in question could lead to more than one outcome, and some of these outcomes are undesirable or even dangerous,” and undesirable outcomes are considered losses (Byrnes et al., 1999; 367). A major difference exists between male and female willingness to accept financial loss, with males showing a tendency to accept more financial risk (Baker & Haslem, 1977). Therefore, women have higher levels of loss aversion than men, which contributes to their risk aversion, meaning women feel losses more powerfully than gains (Christie, 2018). Risk and loss aversion seem to be negatives, but they can be positives as risk taking can be adaptive or maladaptive. Risk taking is maladaptive whenever the advantages of taking a chance are far less likely to occur than the potential dangers, and risk taking is adaptive when the possible gains are much more likely to happen than the undesirable option (Byrnes et al., 1999). People who learn to navigate the type of risks to avoid and to pursue are more successful than those who do not.
Gender differences in risk taking are exposed as people strive to conquer the conflict of deciding which risks they should and should not take (Byrnes et al., 1999).

**Risk Taking Theories.** There are three categories of risk taking theories. The first explains why some people regularly take risks and others avoid risks. An example pertaining to gender differences is the Risk as Value hypothesis (Kelling, Zirkes, & Myerowitz, 1976), which states that naturally lower levels of arousal in men and the socially instilled belief that risk taking is a highly valued masculine tendency motivates high levels of risk taking for men (Byrnes et al., 1999). The second category explains the differences between situations that promote risk taking and risk aversion. A well known example is the Prospect Theory (Kahneman & Tversky’s, 1979) which states that a risky option presented positively is preferred to a sure thing. Choices framed negatively cause preferences to shift to the sure thing over the risky options (Byrnes et al., 1999). The third category of risk taking theory contains models that illustrate why certain people take risks in certain situations. Arnett’s (1992) theory describes one's level of risk taking as dependent on sensation seeking and an individual’s cultural restriction on risk taking (Byrnes et al., 1999). This has led to research on men taking more risks than women in most cultures because men are higher sensation seekers. Under this category of risk taking theory, a sociobiological perspective argues that risk taking is an “attribute of the masculine psychology” (Wilson & Daly, 1985). It stems from the male-centric, competitive demands of primates, supporting the idea that men are more likely to take risks when competition is involved (Byrnes et al., 1999).

Gender differences in risk taking evaluated by the three categories show that males are more likely to take risks than females (Byrnes et al., 1999). Both males and females have maladaptive risk taking tendencies—males take more risks even when it is evident that it is a bad idea to take the risk, and females are less likely to take risks even when it is a good idea (Byrnes
et al., 1999). This conclusion suggests that men tend to encounter negative consequences more often than women, and women experience success less often than they should. With men innately taking more risks, they can rebound from failure more easily, while women’s low risk tolerances contribute to their struggle to reach the progress level of men. These deductions support the recommendation that psychological androgyny would be adaptive to men’s and women’s risk-taking behaviors as the mix of masculinity and femininity would encourage one to make responsible risk choices. Additionally, gender differences in risk taking are greater when subjects have to actually carry out the behavior rather than make a hypothetical choice (Byrnes et al., 1999). This is essential to understand when addressing risk taking in the financial investment realm because women are less likely to pull the trigger on actually making a risky financial choice.

**Financial Risk Tolerance.** Risk tolerance is commonly applied to investment behavior and is the maximum amount of uncertainty a person is willing to accept when making a financial decision (Grable, 2008). A person's risk tolerance is significant as it influences a wide array of personal financial decisions. Risk aversion is impactful in the long run and makes a more extreme difference in investing in the short run (Grable, 2008). It is important to invest in stocks and other high return investments because even if a person is not risk tolerant, in the long run, stocks are less risky and associated with higher wealth accumulation (Grable, 2008). Risk aversion tends to decrease as wealth increases (Mittal & Vyas, 2009). Women have less wealth than men, owning 32 cents of every dollar that men own, and it is even less for women of color (Traflet & Wright, 2019). For those whose risk aversion takes over, the chance of living in poverty in the future is more likely as forgoing high return investments puts people at a great disadvantage (Grable, 2008). Women prefer to invest in bonds over stocks, and the consequences
of women investing based on their low risk tolerance and not investing in stocks leads to financial suffering (Grable, 2008).

**Risk Tolerance Factors.** Since risk tolerance significantly impacts an individual's financial choices, it is critical to be aware of the factors that determine one's risk tolerance. Grable (2008) expands Irwin’s (1993) and Loewenstein et al.’s (2001) work and develops a conceptual model of factors that influence risk tolerance that has three groups—biopsychosocial factors, environmental factors, and precipitating factors. Biopsychosocial factors are inherent traits that a person has little or no control over, including gender (Grable, 2008). Environmental factors result from influences in one's social environment (Grable, 2008). Precipitating factors are aspects of a person’s life that affect their risk assessment by impacting their decision-making process or causing them to adjust their typical risk tolerance level (Grable, 2008).

Biopsychosocial and environmental factors are both predisposing factors, and considering them along with precipitating factors in a single framework offers a complete picture to comprehend a person’s financial risk tolerance (Grable, 2008).

**Female Specific Risk Tolerance Factors.** It is essential to analyze all the risk tolerance factors and their relationships when investigating the gender differences in financial investment behavior. Females are more prone to loss aversion, mental accounting: using subjective criteria like intent for amounts of money to separate money into separate accounts, anchoring: basing estimates off a familiar starting point or anchor, availability: overvaluing the most recent information compared to all necessary information, regret aversion: feeling that a different decision from the past could have been a better choice, and representativeness: considering past prices as representative of future prices (Christie, 2018). All six of these female behavioral biases influence their tendency for lower risk tolerance and hinder the success of their investment
portfolios. Additionally, women describe themselves as risk averse, but at times they take on more risk than the preferences would otherwise imply (Marinelli et al., 2017). Gender-stereotyping negatively affects female self-perception and alters their risk level assessment, leading them to believe that they are less risk tolerant than they truly are and decreasing their practiced risk tolerance level (Marinelli et al., 2017).

Confidence and Information Processing. Women’s confidence levels and information processing techniques translate to their lower risk preference in financial investment choices. Women are less confident and, in turn, more risk averse in masculine domains, even though they have an equal ability to perform (Mittal & Vyas 2009). In reference to my proposal, this shows how psychologically androgynous women can benefit when investing because the viewpoint of investing being a masculine field is less intimidating for them. Overall, women are more risk averse than men due to their lack of confidence in investing, and even when they extensively process financial information compared to men, they still trade less (Christie, 2018). In contrast, men’s higher risk tolerance causes overconfidence and higher susceptibility to prospect theory (Christie, 2018). Women also have a different information processing style than men. The selectivity model suggests that women are more detail-oriented and want to consider all relevant information before making a choice, explaining that women are more methodical in their investment decision-making process (Mittal & Vyas, 2009). This opens up space for more negative information cues to arise, resulting in women sensing further downside of risky investment strategies and learning into their higher loss aversion perspective. On the other hand, men do not process as many information cues, making decisions more quickly and riskier (Mittal & Vyas 2009).
Investment Portfolios and Investment Styles. There are apparent differences in male and female investment tendencies expressed in their investment portfolios. Higher risk tolerance for men correlates with their willingness to invest in standard, less risky, and sophisticated, riskier financial products (Bannier & Neubert, 2016). In comparison, women’s risk tolerance level is only positively related to standard investments, which displays their lower risk tolerance level does not have a relationship with riskier, sophisticated products (Bannier & Neubert, 2016). In terms of portfolio diversification, men invest a higher percentage of their high-growth assets, and women invest more in bonds (Lascu, Babb, & Phillips, 1997). The gender breakdown shows that women have a lower income and less money invested than men (Lascu et al., 1997). Men are more risk tolerant, and their higher risk tolerance relates to their longer investment horizon—the length of time one holds an investment. Male investments are often driven by speculation—focusing on much riskier investments that get higher returns in a shorter amount of time (Marinelli, Mazzoli, & Palmucci, 2017). Women’s lower risk tolerance derives from their investment intention, simply to increase income (Marinelli et al., 2017). Men’s investment behavior results in riskier investment portfolios that include more stocks, more frequent trades, and autonomous selection of singular financial products, as they are more likely to forgo consultation with wealth management services (Marinelli et al., 2017).

Despite the differences in male and female risk levels during the investment process, the quality of both genders’ portfolios is similar (Marinelli et al., 2017). This suggests that, at times, the overly risky style of men and the low risk style of women is maladaptive to each of their portfolios, showing another reason why psychological androgyny is the most advantageous combination. The high masculine and feminine traits balance maladaptive behavioral tendencies that hurt investment portfolios. Lastly, the similarity in male and female investment portfolios
indicates that, in actuality, their economic status reflects the differences in their investment process and risk levels (Marinelli et al., 2017). However, men have higher income and wealth levels, as established due to the gender pay and wealth gaps. Therefore, men remain in a superior position and perpetuate gender differences in risk tolerance and investment behavior because men are often in better financial standing than women.

**Age and Investment Return Expectations.** The extent of gender differences in investing varies based on age and context (Byrnes et al., 1999). Males express gender differences in investing early as men begin investing at a younger age than women (Lascu et al., 1997). Risk tolerance decreases with age because the ability to suffer a damaging loss at an older age reduces significantly, with older people needing to ensure financial security through the end of their lives (Chaturvedi & Joshi, 2019). Both genders reported that their involvement in saving and investing gradually increased as they got older (Hira & Loibl, 2008). Regardless, more women than men saw an increase in investment in response to a singular, significant life event (Hira & Loibl, 2008). The largest gap between the genders was women increasing their investment in response to divorce. Expected returns influence risk tolerance by incorporating the anticipated profit or loss an investment will create. There is an association with expected returns and age, monthly income, and marital status for women (Chaturvedi & Joshi, 2019). When investing at young and inexperienced ages, men expect to see high returns and invest aggressively to meet the expectations. The influence of expected returns and age illustrates a combination of elements that carry weight in the debate between gender differences and risk tolerance.

**Investment Preferences.** Men and women in Turkey have different investment preferences, and the women’s lower wealth impedes them from holding riskier portfolios (Bayyurt, Karışık, & Coşkun, 2013). The male investors prefer riskier common stocks and real
estate, while the females prefer to invest in safer time deposits and gold (Bayyurt et al., 2013).

Based on the perceived risk levels in Turkey of the investment tools, the research shows that
women are more risk averse than men. This highlights that research implemented in both
developed and emerging countries concludes that women are more risk averse than men. It is
also important to note that investment in real estate requires higher amounts of capital.
Therefore, Turkish women might not have enough financial resources to invest in real estate and
do not have access to the same tools for wealth growth as men.

**Satisfaction with Life.** Males and females have differences in satisfaction with life (SWL), which impacts their risk tolerance and investment decision-making. Financial advisors should consider SWL when managing clients’ portfolio risk levels (Dickason-Koekemoer, 2019). The more dissatisfied investors are with their lives, the less likely they are willing to take on high-risk investments; therefore, low life satisfaction contributes to low-risk tolerance, and high life satisfaction contributes to high-risk tolerance (Dickason-Koekemoer, 2019). Male investors have higher life satisfaction than females—a potential explanation for men’s higher risk tolerance (Dickason-Koekemoer, 2019). Additionally, female investors are only willing to tolerate higher risk in extreme situations—when they are extremely unsatisfied with their lives or highly satisfied with their lives (Dickason-Koekemoer, 2019). These revelations are significant because they unveil that SWL contributes to risk tolerance and is another explanation for the differences in risk tolerance of males and females. The findings also specify under what conditions females will invest in risky financial choices and how the female relationship of SWL to risk tolerance puts them at an inferior investing place compared to males. Females are especially at a disadvantage because males are generally more satisfied with their lives and tend to have a more optimistic outlook instilled by gender stereotypes that devalue female lives.
Gender Differences in Financial Literacy, Financial Knowledge, and Financial Self-Efficacy

**Financial Literacy and Knowledge.** People’s level of financial literacy and financial knowledge impact their risk tolerance levels and investment behavior. Financial literacy, wealth, and education are reasons why women exhibit less risk-taking than men (Dwyer, Gilkeson, & List, 2002). When controlling for investor knowledge of financial markets and investments, gender’s impact on risk taking is significantly weakened, pointing to financial literacy as a factor (Dwyer et al., 2002). Wealthier, more educated investors tend to take on more risk than less educated and less affluent investors (Dwyer et al., 2002). Generally, women are less financially educated and less wealthy than men, so they take less risk in their investments choices, resulting in fewer riskier, higher returning assets (Dwyer et al., 2002). Gender gaps in financial knowledge and literacy are significant, demonstrating that women are at an investment disadvantage because they are less risk tolerant due to their lower levels of wealth and financial education (Dwyer et al., 2002).

The behavioral finance field helps psychologists comprehend how emotions and individual characteristics influence investors’ behavior (Shafi, 2014). Behavioral finance research shows that women have a much lower level of financial literacy than men, and investors with higher income had more investment knowledge than investors with lower income (Shafi, 2014). Both of these ideas connect as men typically have higher incomes than women. Since income is a strong predictor of financial literacy, this explains why women have lower financial literacy. Financial literacy positively influences female financial behavior, and specifically, women entrepreneurs had a relatively high level of financial literacy (Andarsari & Ningtyas,
2019). However, these results are not necessarily consistent among females that are not entrepreneurs. Financial literacy and knowledge are valuable to understanding investment behavior, especially in females, as financial knowledge is a high indicator of one's financial well-being (Andarsari & Ningtyas, 2019).

**Investment Information Searching.** Differences exist in male and female financial investment information source selections and how frequently they use them (Loibl & Hira, 2011). Financial investment information source usage is influenced by investment action, investment interest, financial satisfaction, investment stress, consultation with financial advisors, investor attitudes towards financial advisors, and investor socialization; these elements are also as a generic set of predictor variables for gender stereotypical behavior (Loibl & Hira, 2011). Women generally conduct lower information searches (Loibl & Hira, 2011). Yet, women are higher search investors if they have heightened investment interest, investment action, greater risk tolerance, as well as a critical attitude toward financial advisors (Loibl & Hira, 2011). Men are higher search investors based on factors such as minority status, higher education, higher household income, heightened levels of risk tolerance, investment action, investment interest, investment stress, and limited consultations with investment advisors (Loibl & Hira, 2011). Higher self-confidence and risk tolerance indicate a more intensive search strategy and consumption of a wider variety of investment information (Loibl & Hira, 2011). As previously reviewed, past work indicates males have higher risk tolerance and self-confidence in investing; males are overall higher search investors, which significantly increases their financial knowledge over females. Understanding what influences men’s and women’s financial information acquisition process helps create strategies to target both genders with investment information to
increase their financial literacy (Loibl & Hira, 2011). Increasing women’s investment information search behavior will help level the investment playing field with men.

**Actual versus Perceived Financial Literacy.** The difference in men’s and women’s actual versus perceived financial literacy impacts their financial risk taking, including their investments in standard assets (stocks and real estate funds) and risker sophisticated assets (discount certificates, hedge funds) (Bannier & Neubert, 2016). Men have a significantly higher level of actual and perceived financial literacy than women, which results in higher risk tolerance and superior investment behavior. Both actual and perceived financial knowledge are positively associated with standard investments for men, but the positive association only occurs with actual knowledge for women (Bannier & Neubert, 2016). In contrast to standard investments, the decision to invest in sophisticated assets is more strongly correlated to perceived financial literacy for men and especially women (Bannier & Neubert, 2016). Notably, the research explicitly demonstrates that it is crucial to raise women’s actual and perceived financial literacy to grow their risk tolerance to investing and improve their investment portfolio.

**Emotional Intelligence.** Emotional intelligence significantly influences investment behavior with financial literacy and gender as moderators (Munir et al., 2018). Emotional intelligence and investment behavior are positively related, and financial literacy and gender individually moderate the relationship between emotional intelligence and investment behavior (Munir et al., 2018). Individuals who control their emotions can make better and effective investment decisions than those who are less emotionally intelligent, and the same applies to those with more financial knowledge (Munir et al., 2018). Additionally, education on finances is valuable because it increases cognitive abilities, so males and females can improve their financial well-being by making healthier investment decisions (Munir et al., 2018).
Financial Literacy Program Evaluation. Establishing a comprehensive method for evaluating financial literacy programs is important as it ensures that the targeted demographic of people are supported and that the education tools are effective (Fox & Bartholomae, 2008). The purpose of obtaining the program evaluation feedback is to see how current programs can improve and assist people in starting new programs. A financial literacy program provides “individuals with the knowledge, aptitude, and skill base necessary to become questioning and informed consumers of financial services and manage their finances effectively” (Fox & Bartholomae, 2008; 47). A challenge for many financial education organizations is showing if their program makes a difference by highlighting specific feedback from various programs and demographics, so the evaluation component acts as a road map to determine the success level of the program. Fox and Bartholomae (2008) highly recommend Jacob’s (1988) five-tiered approach to evaluation as a basic guide for organizations and agencies delivering financial education programs. The framework has evaluation steps at each stage of the program, including preimplementation, accountability, program clarification, progress toward objectives, and program impact (Fox & Bartholomae, 2008). Attention toward the effectiveness of financial literacy programs is vital as higher levels of financial literacy increase risk tolerance, self-confidence, and the quality of investment decisions of both men and women. Financial literacy intervention programs should implement Jacob’s (1988) evaluation method.

Financial Self-Efficacy. Women’s financial self-efficacy relates to their financial behavior, specifically by impacting the type and number of financial products that women hold (Farrell et al., 2016). Financial self-efficacy is the self-assuredness or belief in one’s own financial management capabilities (Farrell et al., 2016). Financial-self efficacy is just as crucial to one’s financial future as financial literacy and knowledge because if a person does not believe
in the information they have and how to use it, then it does not hold a lot of meaning (Farrell et al., 2016). Women with higher financial self-efficacy are more likely to invest in positively-signed financial products (investments, mortgages, and savings) and hold two or three of the products. In comparison, women with lower financial self-efficacy are more likely to invest in negatively-signed financial products (credit cards and loans) and have both debt-related products (Farrell et al., 2016). Women’s self-assuredness in their own ability to manage their finances is significant, and women’s self-confidence, especially in a male-dominated field, is often threatened and lowered by gender stereotypes. Therefore, it is essential to focus on bridging the discrepancies in financial outcomes between men and women caused by their varying levels of financial self-efficacy. The gap in male and female investment results supports a psychologically androgynous investing mindset, with higher levels of masculinity contributing to greater confidence and financial self-efficacy.

**Feminist Economics Perspective on Investment Behavior**

Feminist economics critiques traditional behavioral economics, focusing on gender awareness and inclusivity (Sent & van Staveren, 2019). Under feminist economics, a feminist perspective analyzes behavioral economic literature on gender differences, presenting a new outlook that concentrates on the influence of social structures through power relations and institutions (Sent & van Staveren, 2019). The implications of gender roles, gender beliefs, and gender stereotypes on investment behavior are widespread (Sent & van Staveren, 2019). Findings reflect that men tend to have stronger gender beliefs than women, demonstrated by men having a higher perceived contribution to input on family investment decisions and perceiving themselves as less conservative than women (Lascu et al., 1997). Additionally, women’s cooperative behavior is driven by men’s asymmetric gender beliefs and not by the naturally
generous behavior of women (Sent & van Staveren, 2019). The powerful gender beliefs of men have helped create and keep the patriarchal society intact that hinders female empowerment concerning investment behaviors. Gender biases influence expectations of economic decisions and the behavior of one’s future self, having a disproportionately negative effect on females (Sent & van Staveren, 2019).

Women face impediments when investing in the stock market (Kaur & Vohra, 2012). The deterring factors pertain to the psychology of women, stereotypes affecting women, and their weaker economic status (Kaur & Vohra, 2012). The specific reasons pushing women to withhold involvement in the stock market include “gender discrimination, limited access to use available information, misperceptions of investment advisers, less human capital investment, greater family responsibilities, shorter work life, differences in wealth and the expectation of inheritance, lack of confidence, faulty retirement system, lack of optimism, cumbersome procedure and formalities and a risk averse attitude” (Kaur & Vohra, 2012; 290). Women have different investment information needs than men; meeting those needs will support the growth of women's financial literacy and improve their financial self-efficacy and investment behavior (Kaur & Vohra, 2012). Therefore, women need to be provided with the proper financial information and strategies to help them invest in the stock market and lower barriers.

**Gender Pay Gap.** A gender pay gap exists between men and women, and the pay gap stems from gender stereotypes and women tending to avoid salary negotiations compared to men (Heilman & Kusev, 2017). Women are paid less than men and accept jobs at higher rates, including unfair offers (Heilman & Kusev, 2017). The gender pay gap is even higher for minority groups (Heilman & Kusev, 2017). It is important to note the greater disadvantage of minority women groups as they are crucial to discussions surrounding demographic factors impacting
investment behavior. It is essential to consider the intersectional relationship between gender and race because delineating the identities from one another is challenging and theoretically impossible. Further exploration into the investment behavior of minority women should ensue.

**Financial Advisors.** Financial advisors who work with millionaire investors make slightly different investment portfolio recommendations to their female and male clients (Baeckströom, Silvester, & Pownall, 2018). Attribution theory applied to behavioral finance shows that financial advisors rated female millionaires as having less control over their investments relative to males (Baeckströom et al., 2018). Attribution theory states that individuals are consistently more likely to attribute positive outcomes to themselves and negative outcomes to external causes (Baeckströom et al., 2018). Female advisors recommended the lowest risk portfolios to female investors; however, there was no evidence suggesting that female investors are viewed as less knowledgeable (Baeckströom et al., 2018). Overall, there were no significant differences in the risk levels of portfolios recommended to male and female millionaires (Baeckströom et al., 2018). Advisors interpret the needs of female millionaire investors differently than male investors, which is influenced significantly by the gender of the advisors and attributional bias.

Gender influences the investment strategies of males and females and the characteristics that influence a consumer’s financial advisor gender preference (Lascu et al., 1997). Women are more risk averse than men and less confident and knowledgeable in investing, so they prefer speaking with financial advisors over men (Hira & Loibl, 2008). Consumers who prefer female advisors have lower income, less money invested, consider themselves more conservative, and favor safer investment vehicles (Lascu et al., 1997). Consumers who prefer male advisors are younger, more risk prone, and invest more of their assets in risk-high return products (Lascu et
Women’s investment behavior tendencies and the disadvantages females face when investing lead to lower commission rates for advisors who have female clients (Lascu et al., 1997).

**Women Empowerment and Stress.** The investment behavior of women in Coimbatore city impacts their social empowerment (Santhiyavalli & Usharani, 2014). As noted, women are more risk averse, conservative investors and prefer low risk investments even though the returns are lower (Santhiyavalli & Usharani, 2014). The investing process provides confidence and empowerment for women, granting them independence and control over their lives for the long term (Santhiyavalli & Usharani, 2014). The positive effects of women’s empowerment through investing are essential because it shows a reason for intervention to promote healthy investment behavior and knowledge about handling their finances to more women. High levels of confidence and financial self-efficacy are crucial for improving women’s financial investment and empowerment.

Overall, women feel investing is less exciting and more stressful compared to men (Hira & Loibl, 2008). This is a crucial fact because although financial decision-making is generally stressful, it is especially stressful for women. Women’s investment stress level is connected to their lower financial literacy and confidence levels. Women’s inadequate financial knowledge supporting the weight of their financial future is overwhelming, making investing stressful and undoubtedly not exciting. The added feelings of anxiety and pressure that women experience and men do not regarding investing further disadvantage their investment behavior and financial well-being. The sharp differences between men’s and women’s investment behavior are focal points for interventions to improve the financial investing process for women. It is vital to find ways to build women’s confidence and knowledge in investing to help decrease their stress.
Old Age, Retirement Savings, Financial Security, and Marriage

Significant gender differences in investment behavior occur in older people, and the repercussions of earlier age gender differences are impactful as people near the ends of their lives. Psychological characteristics shape the financial self-efficacy (FSE) of older pre-retirees, and it’s important that they understand how to better control their financial situation as they approach retirement years (Asebedo et al., 2019). Openness to experience was positively associated with FSE, and a negative relationship exists between neuroticism and FSE (Asebedo et al., 2019). Additionally, FSE has positive relationships with increased perceived mastery, positive affect, task orientation, and reduced negative affect (Asebedo et al., 2019). Women’s longer life expectancy is a major factor in the differences between male’s and female’s investment behavior, especially as older pre-retirees begin to face the challenging consumption versus saving dilemma that FSE influences (Asebedo et al., 2019). These findings suggest which psychological traits will improve both genders’ FSE, and older pre-retirees need psychological support to enhance their FSE and necessary financial behaviors for retirement preparedness (Asebedo et al., 2019). It is valuable for older pre-retirees to establish meaningful and purposeful retirement goals as a solution to support their FSE and help prepare them for retirement (Asebedo et al., 2019).

Financial Security. Women have lower participation in retirement planning and are more likely to live in poverty during retirement, which is significant when considering the financial security of female-headed households (Ahmad & Sabri, 2015). Financial security is a dimension of financial well-being and refers to the extent to which an individual feels they are in a stable financial situation (Ahmad & Sabri, 2015). Financial literacy influences financial security, a
determinant where gender differences already exist. A monthly fixed income positively relates to female-headed households’ financial security, but a lack of insurance and total liabilities more than their income reduces their financial security (Ahmad & Sabri, 2015). Overall, about half of female-headed households have a moderate level of financial security (Ahmad & Sabri, 2015). Women with lower financial security have lower life satisfaction, as their concerns about their financial future impact life satisfaction (Ahmad & Sabri, 2015). Governmental support is a pathway to improve female-headed households’ financial security, guiding focus toward helping with their level of saving, the ability to meet emergencies, the adequacy of financial resources in retirement, and the availability of income (Ahmad & Sabri, 2015).

**Older-Aged Women.** Older adults face many financial issues, and women with longer life expectancies experience challenges more often. (Devaney, 2008). Older women are economically vulnerable as they are disproportionately disadvantaged compared to men. If older women are widowed or divorced, they are less likely to remarry than men, impacting their assets and overall income due to the patriarchal society, which puts men in a dominant financial position (Devaney, 2008). Additionally, women’s labor force participation is frequently shorter than men’s and less continuous with childcare breaks, resulting in lower income and wealth for women (Devaney, 2008). Older widowed women are underprepared to handle their finances; 95% of widows say they wish they had been more “interactive and inquisitive” with finances while their spouse was alive (Devaney, 2008). There are long-term effects of gender differences on investment behavior because the man of the household is often in charge of the finances and investing. When the husband passes away first or the couple gets divorced, the widow is significantly disadvantaged and left to uncover the family's financial position and path forward.
Marriage. There is a multidirectional relationship between marriage and finance (Dew, 2008). When married, both men and women reduce the frequency and intensity of risky financial behaviors because marriage encourages people to utilize and invest their money more responsibly (Dew, 2008). Since married people consider the economic well-being of others and themselves, they behave more responsibly, explaining why married individuals are economically better off than single people (Dew, 2008). When examining financial decisions within a marriage and how money is controlled, there are stark differences between the head being the man, woman, or a balance between them both, as males and females view finances regarding assets, income, and debt differently (Dew, 2008). Even though the world is becoming more progressive, social norms have created the view that marriage depends on a male’s economic stability, emphasizing their ability to make and manage money (Dew, 2008). Not surprisingly, equally shared financial decision-making power and similar views on finances are negatively associated with divorce (Dew, 2008). There are gender differences in investment behavior within the context of marriage, and the gender imbalances within a marriage impact investing and finances (Dew, 2008).

Households’ and individuals’ investment decisions for their retirement savings are driven by gender and marital status (Sundén & Surette, 1998). Single men are likely to invest in the riskier option of mostly stocks over single women and married men, and married women are more likely than single women to choose mostly bonds (Sundén & Surette, 1998). In terms of risk, individuals who choose mostly bonds are less likely to take financial risks (Sundén & Surette, 1998). Furthermore, women are less likely than men to have a retirement plan, with married women even less likely than single women, showing that they will accumulate less individual wealth (Sundén & Surette, 1998). When women have a retirement plan, they invest in
less risky vehicles than men, contributing to lower wealth growth (Sundén & Surette, 1998).

Marital status influences how males and females invest, and the investment style of one’s gender can affect the investing style within a marriage, hurting their retirement planning (Sundén & Surette, 1998).

**Literature Review Summary.** The current literature review establishes the significant factors impacting men’s and women’s investment behavior, illustrating that the gender differences in investment behavior often disadvantage women. An opportunity to address the disparity between male and female investors to improve female investment decision-making and outcomes exists. While improving women’s investing is the primary focus, psychological androgyny can help better men’s investment decision-making. An androgynous person is high in masculine and feminine traits, and I propose that males and females should target an androgynous mindset when investing. In the next section, I apply psychological androgyny to financial investing and refer to this new theoretical advancement in investment style as androgynous investing.

**Psychological Androgyny Proposal**

Sandra Bem created the theory of psychological androgyny which countered the previous assumption that all important aspects of gender existed along a single continuum called masculinity–femininity (Dean & Tate, 2017). Instead, it supports the idea that individuals may be both masculine and feminine. The Bem Sex Inventory (BSRI) justifies that the social concepts of masculinity and femininity should be measured on separate scales, allowing a person to move freely on both dimensions. There are four possible outcomes from the BSRI 1. feminine (e.g., high femininity/low masculinity), 2. masculine (e.g., low femininity/high masculinity), 3.
androgynous (i.e., high femininity/high masculinity), and 4. undifferentiated (i.e., low femininity/low masculinity) (Figure 1).

The BSRI and psychological androgyny is a theoretical advancement that improves psychological well-being, undercuts gender role polarization, and expands psychology’s focus beyond gender roles by implication (Dean & Tate, 2017). Psychological androgyny relates to the current exploration of gender differences in investment behavior as it takes the research out of the binary perspective of gender and opens up the topic to other dimensions and new conclusions.

Psychological androgyny is a new theoretical lens to view investing, and androgyny is adaptive for financial investing. The literature shows how female tendencies have put them at a disadvantage when making investment decisions, and these tendencies have developed due to gender roles and stereotypes which perpetuate society. Although females have overall seen less wealth growth than men because of their investment practices, males also have investment tendencies that are not always beneficial. Androgynous investing merges the best aspect of
masculine and feminine investment styles to help grow one’s wealth. The advantageous masculine traits contributed are higher confidence, risk tolerance, financial literacy, and financial self-efficacy. Valuable feminine traits included are more information searching and processing, consultation with financial advisors, and financial planning. The combination of masculine and feminine characteristics results in a more successful investor regardless of gender. Additionally, androgynous investing shifts the investment conversation from male versus female to looking at specific positively influencing investment traits. Furthermore, androgynous investing can shift the gender questions in other behavioral areas as androgyny can be developed and applied to those behaviors.

A key takeaway from androgynous investing is that we do not want investors to aim for a male dominant investment style or target only masculine traits. While this might make investors more money, money is not the most important thing, and there are drawbacks to male investment tendencies such as overconfidence and overly risky choices. The healthiest potential wealth growth comes from channeling both the masculine and feminine traits as they help to balance one another. The masculine tendencies push people to take more risks and get further involved in investing, and the female tendencies prevent people from making dangerous investment choices.

It is important to understand that the goal of proper financial investing is not to solely focus on creating the largest amount of wealth but rather to create the greatest individual happiness. While increasing wealth and having more money is a high priority, when investing, there are also other goals to account for, including financial safety and satisfaction with life. A carefully curated androgynous financial plan creates confidence and security, reducing one’s stress levels as the investment style is not overly aggressive. In contrast, incorporating a masculine driven investment plan leads to a stressful, aggressive portfolio that is dangerous as
people can instantly take big hits when relying on volatile investments. Androgynous investing reduces the chance of costly emotional decisions that appear during stressful times, and having a sound investment plan is essential to making males and females feel more relaxed when the market fluctuates.

Since establishing the desired androgynous investing traits, the following are calls to action and potential ways to bring the concept to reality. Primarily, financial literacy growth is a powerful way to help advance androgynous investing. The literature review expresses the influence that age has on investing, so implementing financial literacy growth at a young age is the most effective, especially for females. Increasing women’s financial literacy helps raise their masculine tendencies because it will also increase their confidence, risk tolerance, and financial self-efficacy. A possible intervention that promotes feminine tendencies for males is government instituted tax incentives to work with a financial advisor. If males can receive a tax deductible for consulting with a financial advisor, this will improve their financial planning and increase their information search. With proper resources, men and women can increase their masculine and feminine investment traits to achieve an androgynous investment style.

**Conclusion.** Psychological androgyny is a theoretical advancement, and applying it to financial investment progresses the theory further. Androgynous investing helps males and females invest their money effectively and safely to grow their wealth and remain in a state of financial well-being throughout the entirety of their lives. A final aspect to highlight is while masculine and feminine investment tendencies are typically innate to males and females, they exist because of perpetuated societal gender beliefs. However, people can overcome gender roles by implementing an androgynous investing strategy.
Works Cited


