

# Men more optimistic than women on economy

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Men are more optimistic than women about the economic outlook, Massey finance researchers say. Using consumer confidence data from 18 countries, they have identified a difference in outlook between sexes.

Men were found to have more positive expectations for economic growth, interest rates, inflation and stock market performance and the findings hold true even when the personal circumstances of the sample – including wealth and employment – are taken into account.

Professor Ben Jacobsen, head of the Commerce Department in the College of Business, says differences found between genders in risk aversion and optimism may explain why women on average hold less risky investment portfolios than men.

Professor Jacobsen conducted the study with Dr John Lee from Massey and Dr Wessel Marquering from Erasmus University, Rotterdam. He says the researchers were surprised to find that they are apparently the first to study the difference between men and women in their levels of optimism about the future economic and financial outlook – given the amount of research devoted to other aspects of differences between the sexes.

In data from 17 of the 18 countries, women were less optimistic. Germany was the only exception. For instance, in the United States they found that since 1978 there had been only one month (March 2000) when consumer confidence of women was higher. They report that this

gender difference had persisted over time in both the general economic outlook and in the personal outlook.

They argue in their paper, called "Are men more Optimistic?", that these differences could impact on the investment portfolios women build, leaving them worse off in retirement.

“Our finding may explain why women invest on average less in risky portfolios than men (women invest less in the stock market as opposed to more safe assets). Two investors may have the same risk aversion, but if one is more pessimistic about the future performance of the market or perceives the future market risks to be higher, then the asset allocation of the two investors may differ.”

They point out that the observed differences in portfolio allocations between men and women do not have to be large to have a big impact on their future financial prospects.

“A 1 per cent difference in expected return might already explain observed difference in portfolio holdings and therefore may have a large effect at retirement.”

In order to study the differences in confidence, they analysed used monthly consumer confidence data from Australia, Austria, Belgium, Czech Republic, Denmark, Germany, Finland, France, Greece, Hungary, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, United Kingdom and United States. The large sample size was to ensure results were not country specific or culture specific.

For the full research paper ‘Are Men more optimistic?’ see:  
[papers.ssrn.com/sol3/papers.cfm ... ?abstract\\_id=1030478](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1030478)

Source: Massey University

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