

Can people learn to embrace risk?

March 18 2019



Credit: CC0 Public Domain

Studies have shown women are more risk-averse than men, more likely to opt for the smaller sure thing than gamble on an all-or-nothing proposition, a trait experts say could help to explain the persistent wage gap between men and women.

New research suggests those [gender differences](#) in [risk aversion](#) are shaped by culture and the [social environment](#) and that those differences can shift, at least in children.

"Environment is extremely important in shaping risk aversion," said Elaine Liu, associate professor of economics and author of a paper on the subject published this week in the *Proceedings of the National Academy of Sciences*. "If we can teach girls that they should be more risk loving, perhaps that will shape their future decision-making."

Liu and co-author Sharon Xuejing Zuo of Fudan University looked at the behavior of children from two distinct cultures—the matrilineal Mosuo and the traditionally patriarchal Han—who attended the same school in Yunnan, China.

When the children first began [elementary school](#), Mosuo girls took more risks than Mosuo boys, while Han girls were less likely to take risks than Han boys, in keeping with their parents' cultural norms. But that began to change as the children were exposed to the other culture.

It worked both ways, Liu said. Mosuo girls became more risk-averse, while Han girls became more risk-loving.

"There was a convergence," Liu said. "The Mosuo girls took more risks than Han girls at the beginning, but their attitudes toward taking risks become more similar as they spent more time together."

The researchers studied children in elementary and [middle school](#); Liu said it's not clear whether the changes will be sustained as the children return to their home villages. She and Zuo hope to launch a long-term study to determine if the shift in attitudes toward risk-taking is permanent.

They measured students' attitudes toward risk-taking through a lottery-style game, offering the students six choices ranging from a guaranteed three-yuan payout to a 50/50 percent chance of winning 10 yuan or nothing. Ten yuan would allow the children to buy five notebooks or about five popsicles at a local store; the amount of the reward was chosen after consulting with school principals.

Liu and Zuo conducted their research in Yunnan, a province in southwestern China, because it is one of the few places where [children](#) from cultures with distinctly different gender norms come together in one place. But Liu said the basic discovery—that risk aversion is quite malleable at a young age—should be applicable across cultures.

"Gender norms are slow to change, but there are social influences that could play a role in how we shape that behavior," Liu said. And that could have long-term economic consequences, she said, even potentially shrinking the gender pay gap if it led to women choosing riskier but higher-reward career paths.

More information: Elaine M. Liu et al., "Measuring the impact of interaction between children of a matrilineal and a patriarchal culture on gender differences in risk aversion," *PNAS* (2019).

www.pnas.org/cgi/doi/10.1073/pnas.1808336116

Provided by University of Houston

Citation: Can people learn to embrace risk? (2019, March 18) retrieved 2 May 2024 from <https://phys.org/news/2019-03-people-embrace.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is

provided for information purposes only.