

# Women take fewer risks because they think about losing more than men do, research suggests

October 5 2023, by Chris Dawson

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One difference between men and women has been well documented by [economists](#), [psychologists](#) and [biologists](#)—that women are tend to be more cautious and take fewer risks. Evidence has also been [gathered](#) about how this difference affects women's lives, particularly with regard

to careers and earnings.

For instance, men are more likely than women to [start a business](#) or invest in the [stock market](#). And in the UK, the [top 1%](#) of income tax payers are disproportionately male.

But why does this variation in attitude to risk exist? My [recent research](#) suggests that the reason women are less willing to take risks than men is because they are more sensitive to the pain of any resulting loss.

I realize of course that when people read about claims regarding [sex differences](#) in behaviors or psychological attributes, their immediate reaction is to list people they know—including themselves—who don't fit this pattern.

But these studies are about averages, and there is a huge amount of overlap between the distributions of male and female risk-taking. And there will indeed be large numbers of women who act more riskily than the average man.

So going with the averages, I used psychological data that tracked more than 13,000 men and women from the UK for almost two decades, and looked at how they approached risky choices. That is, how they assessed the probability of losing something, and then evaluated how painful that loss would be.

I found that on the whole, women focused more on the possibility of financial loss and anticipated experiencing more pain from those losses. They therefore took fewer risks.

The data I used measured how participants viewed their financial future, as well as their reactions to changes (negative and positive) in household income.

So with something like investing in the [stock market](#), they look at the probability of ending up with a financial loss if the markets fall, and how bad the consequences of this would be. Women were less keen to invest.

And when asked how they saw themselves financially a year from now with expectations about outcomes under the individual's control, men were significantly more optimistic. (This optimism may be linked to men's overconfidence about their abilities in the workplace compared to women, which [previous studies](#) have highlighted.)

These differences in attitude to risk could partly explain why women are less likely to be entrepreneurs, and are underrepresented in highly paid jobs and upper management positions. For while [sexual discrimination plays a role](#) in maintaining the [glass ceiling](#), it's also true that if you really want to make the "big time" financially, you're going to need to take on some risk.

## Changing behavior

As a society then, if we are aiming for equality across the sexes, we may want to encourage women to take as many risks as men. But is it possible to change people's behavior—and their psychology—to this extent?

The answer to this question largely depends on whether sex differences in behavior have biological or environmental roots. For instance, [one theory](#) is that males and females are born with the propensity to behave in similar ways, meaning any clear differences stem from socialization and the environment.

And a [recent study](#) showed how the environment is extremely important in shaping risk aversion, finding that girls from matrilineal cultures—where women tend to have a higher social status than men—often take more risks than girls from patriarchal societies.

Meanwhile, biologists have compiled a long list of differences that have evolutionary origins. One of the [most prominent](#) theories indicates that some of the attributes associated with risk-taking—aggression and impulsiveness for example—are derived from the [sexual competition](#) between males for access to females (or the resources those females desire).

So both biology and the environment matter. And this in turn suggests that while we may be able to narrow some psychological sex differences, it is unlikely that we can fully close the gap.

That said, we may not even want men and [women](#) to have the same approach to risk-taking, if the differences that exist are there for biological, genetic or evolutionary reasons. But this of course leads to enormous challenges in the pursuit of equality—and the clear risks in failing to achieve it.

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