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Jane Bryant Quinn

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What Investing Women Want

We want respect and stock-market advice—so how come we get treated like Beanie Babies in Portfolioland? BY JANE BRYANT QUINN

FRIENDS, I'VE HAD IT. DON'T send me one more book about feminine "fear of finance." No more stories on "what women need to know about mutual funds" (is it any different from what *people* need to know?). And while you're at it, take your condescending lists of "10 Money Mistakes Women Make" and stuff them (odd that you never see lists of the money mistakes men make).

Money, anyone? *Gee-whiz ad finds it thrilling that a woman can talk stocks*

What finally sent me around the bend? Maybe it was the story on a fem-money Web site called How to Pick Investments Based on Shopping for Eggplant. Maybe it was the online bank "created with women in mind" (are their CDs pink?). Maybe it was the ad from Charles Schwab about "jealous" women—jealous of others' investment smarts. A Schwab survey announces, with trumpets, that half its female investors, young and old, find investing "scary." Naturally, the firm offers "trusted" advice.

Not that target marketing doesn't work. Men respond to it (think of all the guys gazing at their children in life-insurance ads). People of color respond (think of all the ethnic ad campaigns). But who besides women are told they need help because they're emotionally impaired? "It's the nauseating 'Women Are From Venus' approach to the economy, and it's nonsense," gripes sociologist Brooke Harrington of Brown University.

I looked around to see what's known about women as investors (not counting the self-serving surveys by brokerage firms). In real life, it appears that we're not so wimpy after all:

■ Economist Leslie Papke of Michigan State University looked at the 401(k) choices of men and women 55 and up. She found no difference in investment patterns by sex.

■ A larger study of 401(k)s by the consulting firm Watson Wyatt Worldwide found that once women buckle down to save, they may do better than men. Watson looked at the accounts of 143,000 employees in 87 plans (excluding the youngest workers and the lowest paid). At 33 and up, women are more likely to contribute to plans than men and also contribute a higher percentage of their pay.

It also turns out that women don't shy away from reasonable risk. In plans where mutual funds are the only option, women commit more money to equities than their male colleagues do. A difference emerges, however, when the plan lets employees buy company stock. Men gobble up the stock; women nibble, judiciously.

■ In the stock market, men tend to take more risks. They choose smaller stocks that are more volatile in price. But that doesn't do them a lot of good, according to finance professors Brad Barber and Terrance Odean of the University of California, Davis. Their study of nearly 38,000 discount-brokerage accounts found that, adjusted for risk, women did better than men by .9 percent a year. Single women—presumably less influenced by a kibbitzing male—did 1.4 percent better. The women weren't smarter at stock picking. They just traded less, Odean says, and the less you trade, the better you do.

■ A 1998 study of women earning more than $100,000 by the consultants Deloitte & Touche found that they enjoyed investing their own money. In general, their investment behavior and attitudes weren't any different from those of men, says Martha Priddy Patterson of Deloitte's Human Capital Advisory Services.

■ The Employee Benefit Research Institute reports that some 70 percent of working people say they're saving for retirement—the same for women as for men.

■ The final study I commissioned myself—a groundbreaking work in this emerging world of biofinance. My team peered at the male Y chromosome. We did *not* find a money-management gene.

But what about all these surveys showing women to be "less confident" about their financial choices than men? First, some of these "confident" guys are bluffing (or kidding themselves). Second, none of the surveys control for investing's most essential ingredient: *experience.*

Inexperienced investors of either sex tend to be cautious—and with reason. They don't yet know what they're doing, so they take fewer risks. "When I first learned to ski, I went up and down the bunny hill a thousand times," Harrington says. "But the more experienced I grew, the more confident I became and the more risks I took."

Confidence is a matter of context, not character, and women on average are less exposed to investing than men. We hear less table talk and get less practice. Wives, in particular, often leave money management to their husbands. When they start making their own decisions, after widowhood or divorce, it stands to reason they'd take care. Naturally, surveys show women lower in stock-market know-how—but that's due to our collective experience, not our sex.

Harrington has been studying how investors behave in investment clubs. Surprise, surprise. Men and women with similar amounts of stock-market seasoning take similar kinds of risks. The sex difference lies in their choice of stocks. Women's clubs lean toward "girl stocks"—retailers and consumer products. Men's clubs buy "boy stocks"— high-tech, energy and manufacturing.

Speaking of men ... maybe I'm dumb, but why all this focus on women and our supposed lack of investment guts? A far greater problem, it seems to me, is trigger-happy speculation, mostly by men. The kinds of guys whose family savings went south with the dot-coms. Imagine a list of *their* money mistakes: 1. Shoot from the hip. 2. Overtrade their accounts. 3. Believe they're smarter than the market. 4. Think with their mouse rather than their brain. 5. Praise their own genius when stocks go up (it's "the market's" fault when their stocks go down). 6. Hide their mistakes from their wives.

Enough of that—and enough of the "scaredy-cat woman," too. I choose co-ed advice, from co-ed sources, every time.

Reported by TEMMA EHRENFELD