Gender Differences in Stock Ownership

Chen Xu, University of Missouri¹
Rui Yao, University of Missouri²

Investment choice is critically important in achieving financial well-being and reaching financial goals (Yao, Hanna & Lindamood, 2004). Investors receive higher returns in the long-run if they are willing to purchase riskier investments (Fisher & Yao, 2017). It is important to evaluate the tradeoff between risks and returns of risky assets and develop an appropriate method to invest (Hung, Heinberg & Yoong, 2010; Weisbenner, 2002). Previous studies have shown that women are less likely than men to invest in risky assets such as stocks (Grable et al., 2009; Gilliam, Chatterjee & Grable, 2010) because they are more risk averse (Yao, Sharpe & Wang, 2011), although women’s longer longevity implies that women should have riskier portfolios than men (Ho, Milevsky & Robinson, 1994). This study used the 2016 Survey of Consumer Finances (SCF) to investigate whether gender differences existed in stock ownership. Although prior research has indicated that stock ownership varies between genders, this study contributed to the literature by identifying factors that are associated with these differences. By using a decomposition method, this study clarified that gender differences in stock ownership are not due to gender itself but rather attributable to gender differences in other investor characteristics such as education, income uncertainty and defined benefit pension plan ownership.

References


¹ Ph.D. Candidate, Department of Personal Financial Planning, University of Missouri, 240 Stanley Hall, Columbia, MO 65211. Phone: (573) 639-1639, Email: cxwrc@mail.missouri.edu

² Associate Professor, Department of Personal Financial Planning, University of Missouri, 239 Stanley Hall, Columbia, MO 65211. Phone: (573) 882-9343, Email: yaor@missouri.edu