#53 A critique of “Women, men and money styles”


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Introduction

This critique will look at the paper by Prince (1993) [1] on “Women, men and money styles”. It will give an overview, and then critically analyse it, focusing on psychological issues and issues of financial decision making. There will then be implications given for day to day life while giving some suggestions for future research, followed by a conclusion.

Overview

Money style is defined as one’s relationship with money, how and why you spend it and each of which is personal to the individual [2]. Much research looks at money as reflecting your personality [3], & it is also thought that money and possessions are connected by gender [4].

Therefore Prince set out to investigate this and hypothesised that males will be more likely to take financial risks and will have greater confidence in their money handling abilities, whereas women view money as a means of hedonistic and expressive pursuits.

He conducted structured interviews within geographically dispersed locations. It was done in a large metropolitan area, although it was not stated where, using 47 males and 45 females. They were asked how much they agreed or disagreed with eight statements. Each related to different aspects of money and answers were scored on a five-point Likert Scale. Money styles were grouped into four trait constructs; risk seeking, money importance, money hunger, and money management competence. Within each, two variables were observed. These money styles were then used as discriminating variables for profiling gender differences.

The hypotheses were supported, with women exhibiting a greater sense of money hunger, envious of those with more money than they and being frustrated if they did not have enough. As hypothesised, men saw themselves as risk-takers, and felt they had a greater propensity to gamble, and thought more highly of their financial dealings. Both genders reflected the norms in seeing money as a sign of prestige, power and success [5]. Therefore there was a clear link found between gender differences and money styles, with 70% of respondent’s gender being correctly classified.
Critique

Although Prince’s work has some useful implications for the consumer world, there are several flaws within the experiment that should be highlighted. The first of which is his method of data collection through interviewing the participants. This is a self-report method and has several weaknesses to it, the main one being that participants can fall victim to answering in a socially desirable way [6]. This means they may not be completely honestly, especially if their truthful answer may reflect badly on them. For example, women may have underestimated their envy of others with money because it is not a nice trait to admit they have [7]. Men on the other hand may have overestimated their money handling abilities because it would portray them in a more favourable light [8]. Participants have a tendency to portray their “ideal self” [9] rather than their actual self in interviews and become privy to demand characteristics [10]. They answer how they think they should respond, or attempt to guess the subject of the experiment, consequently lowering the validity of the study [11].

The second vital flaw of the experiment was sample size neglect [12]. Prince had an age range of 18-34 year olds, with a 47:45 male to female ratio which although limits bias of an uneven sample, the fact that the age range was so narrow, restricts the ability to generalise the results [13]. Also no background data of participants was collected, and therefore no way of telling baseline socio-economic statuses of participants. The amount of disposable income each participant may have [14], could be vital in predicting their money style, for instance the financial priorities of an 18-21 year old student, could be very different to that of a 30-35 year old [15]. Although this study focuses on young adults, in order to apply it more readily to the population, an elderly age group should have been taken into account too [16]. This would avoid the Law of Small Numbers Phenomenon which exaggerates a small group representing a parent population [17].

Another methodological limitation was that the statements were rated on a five point Likert scale. There has been much research done to demonstrate that a five point scale can lead to extremes, and therefore a seven point scale is preferable [18].
Further critique can be drawn from the results of this study, which found that the discriminant score averages for men were -0.41 compared to 0.43 for women. The probability of this difference being due to chance was concluded to be 0.08, higher than the standard 0.05 alpha value [19]. They also concluded that money styles accurately predict 70% of respondents gender from their money styles, which looks typical so is left unchallenged, indicating a hint of conservatism [20] as base rates need to be taken into account [21]. However this leaves 30% left to be determined by other variables, for example education, occupation, income, culture, or personality. Much research has focused on the Big 5, and found personality influences attitudes to risk [22], however these attitudes could also be attributed to overconfidence [23].

Generalising the results from “geographically dispersed locations in a large metropolitan area” does not allow for culture to be taken into account, as he does not even state where the results were collected. Cultural attitudes and behaviour towards money can vary hugely across the world, so this study can only be readily applied to the USA. For example, it’s been found that the Chinese were significantly more risk seeking than Americans [24], but that Singaporeans are less risk averse than African or Caucasian exchange students [25].

The final point to critique is the relevance of this paper’s research question. As scientific research aims to stand on the shoulders of giants it addresses the question of whether this article adds anything new to research [26]. It is currently only cited 158 times, which for a research paper, is rather low. His results were also presented in an optimistic way to make them significant in order to support his hypotheses. It gives a slight impression of belief perseverance [27] that he has formed an opinion, and is adhering to it, despite a small indication that this could not be the case [28].

**Implications/ Applications**

This study could have implications for not only the consumer world in terms of how we shop, but also for the financial sector. Firstly it was found that women are more likely to be impulsive buyers than men [29], and men are more likely to take financial risks [30]. This could mean that marketers should perhaps change their approach in advertising in order to address their
target audience more directly. For example, marketers should highlight the aspects of female products bringing materialistic gain while having little or no risk involved, as women are more risk averse than men [31], where as a male orientated product advertising should focus on the esteem it would bring to the consumer.

In terms of the financial sector, if men are more overconfident [32] than women and more prone to taking risks irrespective of framing [33] or familiarity [34], insurance companies, stock brokers and gambling companies should make males their target audience more than females, and perhaps highlight the risk-seeking opportunity.

**Future Research**

Further research should aim to bridge the gap between the findings of this study and the limitations in the critique. Another possible experiment could be to look at internalisation factors [35] that affect our decision making abilities. For example it has been found that social exclusion [36], hunger [37], the weather [38,39], subjective well-being [40], and many other things can affect our financial decisions or risk taking abilities. Therefore further research could be done using an anonymous questionnaire, which would diminish the socially desirable answers factor, demographic variables could be collected too including baseline measures of wealth and education, and ask about general mood, and trait and state personality followed by a decision making risk game. Variables could then be correlated to see whether ostracism or mood regulation affects a person’s approach to risk and economic decisions.

**Conclusions**

In conclusion, Prince carried out an interesting study, with results that mostly supported the hypotheses and gave rise to strong conclusions. Although there were a few limitations, generally the findings have good implications for the real world. With a few “validation and refinement” [1, p. 181] improvements, future research could ensure that the key finding of gender influencing money styles is correct, and pursue it further in the aspects of risk aversion [41] and utility theory [42].
References in order of appearance


[27] Cox, M. (2013) PSY3022 Lecture 1, Slide 72


