

Invited Paper

Men, Women and Money: Are Men from Mars, Women from Venus?

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When it comes to money, are men from Mars and women from Venus? According to Gray (1992), men and women differ in all areas of their lives. They "...communicate...think, feel, perceive, react, respond, love, need, and appreciate differently" (Gray, 1992, p. 5). Presumably these differences include money. The purpose of this article is to investigate whether men and women differ when it comes to money.

Spending

Women have been stereotyped as spenders. They have been characterized as using a shopping trip for therapy when they are sad or need an emotional boost. Is this a reality?

Hira and Mugenda (1999) studied a sample of 2,000 Iowans in late 1995. Their response rate was 30% with final sample size of 529. Slightly less than 80% of the sample was male. They found that women were more likely than men to buy things without needing them. Women, more than men, agreed that they buy without planning, buy things they don't need, and shop to celebrate. Women also said that their spending habits create chaos in their lives. Hira and Mugenda's findings are consistent with those of Christensen (cited in Hira & Mugenda, 1999) and O'Guinn and Faber (1989) for compulsive buying behavior.

Perceptions

Perceptions shape our behavior, and perceptions involving money are important, especially positive perceptions which can motivate individuals to get ahead financially. Hira and Mugenda (1999) found that men were satisfied with their savings more than women were with theirs. Women, compared to men, were more likely to feel less well off than others and to feel that money worries interfered with work performance. Women were dissatisfied with their current financial situation more than men were. Regarding the future, however, Fitzsimmons and Wakita (1993) found no difference between men and women in their expectations about future financial situation. Fitzsimmons and Wakita surveyed only rural respondents, and a more heterogeneous sample might yield different results.

Saving/Investing

Recently several studies focused on savings and investment behavior of men and women, particularly in relation to risk averseness. The overwhelming consensus of these studies is that women are more risk averse and have lower net worth than men (Bajtelsmit, Bernsek, & Jianakoplos, 1996; Bajtelsmit & VanDerhei, 1996; Barsky, Juster, Kimball, & Shapiro, 1995; Embrey & Fox, 1997; Hinz, McCarthy, & Turner, 1997; Sung & Hanna, 1996; Xiao, 1995).

Bajtelsmit and Bernasek (1996) provide a comprehensive review of recent studies to answer the question, why do women invest differently than men. They use their extensive literature review to develop explanations for differences in investment behavior. First, women have less wealth than men so they have a greater absolute risk aversion than men. Second, women have less income available for savings and investments. Third, women tend to be in lower-paying jobs. Fourth, female-dominated jobs are less likely to have employer-sponsored pension plans where women could accumulate investments. Bajtelsmit and Bernasek also indicate that women tend to get conservative investment advice because investment advisers (mostly men) tend to think of them as wanting and needing safe investments.

Embrey and Fox (1997) focused on gender differences in investing. To control for the influence of other family members, they limited their study to women and men living alone. They used data from the 1995 Survey of Consumer Finances which yielded a sample of 839 single-person households. They found that 62% of the women and 34% of the men were not willing to assume any risk. Also, women invested less in high-risk assets and more in low-risk assets when compared to men. An average portfolio was constructed for men and for women. Women had 11% of financial assets in Certificates of Deposit (CDs), and men had 6% in CDs. Home and CDs made up 40% of total assets for women and 25% for men. Overall, men had greater assets and net worth when compared to women. Sample demographics showed that the women compared to the men were older, had fewer years of education, and were employed fewer years with the current employer. They were more likely to be divorced or widowed, and a smaller proportion were employed full-time.

Relationships

In *Men Are From Mars, Women From Venus*, Gray (1992) focused on men and women in relationships. The book goes into great detail about how men and women are different, but differences about money are not targeted. The studies cited above do not examine money in relationships.

Study of Illinois Couples

To fill this void, the author undertook a study of couple congruence in financial management attitudes and behaviors. Married employees at the University of Illinois, Urbana-Champaign were the target population. A random sample of 450 individuals represented faculty, academic professional, and staff positions. A questionnaire was mailed to each employee with a shorter questionnaire enclosed for the spouse. Response rates were 50% for the employees and 41% for the spouses. Only data for both husband and wife in a couple were used in this analysis which resulted in a sample of 174 couples.

Median household income was \$56,363. Mean age of the couple was 43.9 years; mean education was 16.4 years. The couples were mostly dual-earner (80%). More than half (60%) had at least one child living with them.

Nine financial management tasks were studied. These were: (a) earn family income, (b) provide money for family expenses, (c) pay bills from household or own resources, (d) balance the checkbook, (e) plan overall spending, (f) decide about major purchases, (g) plan savings or investments, (h) decide type and amount of insurance(s) to buy, and (i) deal with public agencies (school, public aid, authorities, etc.).

Wives and husbands were asked who does each financial management task and reported their answers on a 6-point scale: (a) 1 = only wife, (b) 2 = wife more than husband, (c) 3 = wife and husband about same, (d) 4 = husband more than wife, (e) 5 = only husband, and (f) 6 = someone else. Very few answered someone else; these were coded missing for the statistical analyses. Respondents also were asked who should do each task; this was the attitude measure. Responses were labeled "congruent" if both the husband and wife reported the same answers for both attitudes and behaviors. Responses were labeled "incongruent" if at least one response did not match the others. This measure gives the most comprehensive look at overall couple congruence in financial management.

Table 1 reports the frequency distribution of husband-wife congruency of attitudes and behaviors for the financial management tasks. Overall, couple congruence levels were fairly low. The financial management task, "plan overall spending," had the highest level of congruence with 37% congruence. This is an important finding. Planning overall spending is a key factor in successful family financial management. "Balance the checkbook" had the lowest level with 13% congruence. This is a fairly routine, sometimes boring, financial management task. A low congruence level could suggest the possibility of conflict over this task. But most financial educators would be less concerned about low congruence here than for planning overall spending.

When only behaviors were analyzed (or only attitudes), level of congruence was often much higher (see Fitzsimmons & Wakita, 2000, for details). But, the congruence pattern was similar with “plan overall spending” having the highest level of congruence for (1) wife’s attitudes and behaviors, (2) husband’s attitudes and behaviors, and (3) wife’s and husband’s attitudes. It was second highest for congruence of wife’s and husband’s behaviors where “earn family income” had the highest level. “Balance the checkbook” had the lowest level for all four of these comparisons.

The analysis in Table 1 shows that there is agreement about financial management attitudes and behaviors among some couples. But there also are differences as measured by low levels of congruence in couple’s attitudes and behaviors for financial management tasks. These differences could be attributable to (1) spouse’s attitudes being different from his/her own behaviors, (2) wife’s attitudes being different from her husband’s or (3) wife’s behaviors being different from her husband’s. The data have not been analyzed to discern this.

When it comes to money, Gray is correct; there are differences between men and women at least in terms of financial management attitudes and behaviors. Of course, this analysis does not look at communication about money or perceptions about money, but it does measure perceptions about who does which financial management task in the household and who should do it. These perceptions are likely indicators of basic differences about money in general which can impact the couple relationship positively or negatively.

Implications

Money differences in spending, saving/investing, and relationships can all impact people’s lives positively or negatively. An example of money differences that can have a positive effect is when one spouse’s saving habit helps the other spouse to curtail his/her spending habit. Likewise, the spender could influence the saver to lighten up and spend a little. Mostly, though, money differences have negative effects. Hence, money problems are frequently mentioned as one of the leading contributors to divorce.

Helping young people to examine their attitudes about money, especially before marriage, can assist in decreasing money problems after marriage. Role play situations where a couple relationship involving money handling is staged can be beneficial in helping young people feel what it is like to have differences with a partner about money. Research results reported here can be used as background information for the roles of husband and wife. The best situation is to have each person take the role of husband, then the role of wife. That way, each student can feel what it is like to be in the other person’s situation. Discussion afterward is

beneficial where each student can explore how he/she felt in the different roles. Along with this, discussion of how to change the situation would be helpful. This activity could be done in a high school class, youth-group activity, or as part of a premarital workshop.

Table 1. Frequency Distribution of Husband-Wife Congruency of Attitudes and Behaviors for Financial Management Tasks (n = 174)

Task	Incongruent		Congruent		Missing	
	n	%	n	%	n	%
Decide about major purchases	62	35.6	102	58.6	10	5.7
Earn family income	102	58.6	53	30.5	19	10.9
Provide money for family expenses	98	56.3	61	35.1	15	8.6
Pay bills from household or own resources	112	64.4	42	24.1	20	11.5
Balance checkbook	132	75.9	23	13.2	19	10.9
Plan overall spending	90	51.7	65	37.4	19	10.9
Plan savings or investments	112	64.4	45	25.9	17	9.8
Decide amount and type of insurance(s) to buy	106	60.9	56	32.2	12	6.9
Deal with public agencies	79	45.4	25	14.4	70	40.2

Some money differences might stem from differences in knowledge about finances. For example, women might have less knowledge about investments which could influence them to favor more low-risk investments for safety of principal. More investment knowledge could influence women to invest in more high-risk investments for their greater potential return. This would decrease the difference with men who tend to invest more in high-risk investments. Financial education in high school, where young men and women are exposed to the same information, also might help them develop more similar attitudes and behaviors about money.

University of Illinois Extension has some excellent programs to increase knowledge in the area of money management. A successful program for midlife and older women is *Take Charge of Your Life by Taking Charge of Your Money*. This program was originally developed by the American Association of Retired Persons as the *Women’s Financial*

Information Program. It offers financial management education in a small-group setting where talking about money is easier than in a large group. First, there is a group presentation by a local financial expert. Then, trained facilitators lead the small group discussions. Topics range from setting goals and keeping records to purchasing insurance and making investment decisions. Evaluation results show that this program helps participants develop positive money management behaviors.

One program targeted toward young men and women is the *High School Financial Planning Program (HSFPP)*. HSFPP is a financial management curriculum developed by the National Endowment for Financial Education and offered through University of Illinois Extension. The curriculum has six units which cover basic financial planning concepts. Evaluation data show that the program makes a difference in student knowledge and behavior. Students report increased positive financial management behaviors as a result of the program. Student workbooks and an instructor's guide are available free of charge. Contact the local University of Illinois Extension office for more information about the program.

Welcome to the Real World (WTTRW) is another program available through University of Illinois Extension. This program takes students through hands-on experiences of various costs of living on their own. Students select a career and are given a salary appropriate for the career. With that salary, they make spending decisions for living on their own. WTTRW works well for both organized classes and youth groups. Contact the local University of Illinois Extension office for more information.

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