Reprinted with permission. The opinions expressed are those of the authors and do not necessarily reflect the views of others in Janus Henderson Investors organization.

Gender Bias and Practice Profiles in the Selection of a Financial Adviser

by Matthew Sommer, CFA, CFP®; Han Na Lim, Ph.D.; and Maurice MacDonald, Ph.D.

Matthew Sommer, CFA, CFP®, is a vice president and director at Janus Henderson Investors, where he helps advisers work with high-net-worth individuals and families. He earned his undergraduate degree in finance from the University of Rhode Island, his MBA from the Lubin School of Business at Pace University, and he is currently a Ph.D. student at Kansas State University.

Han Na Lim, Ph.D., is an assistant professor of personal financial planning at Kansas State University. Her research focuses on households' financial decision-making and college students' financial wellness. She earned a bachelor's degree and master's degree in consumer science from Seoul National University, and a Ph.D. in family resource management from the Ohio State University.

Maurice MacDonald, Ph.D., is a professor of personal financial planning at Kansas State University. He mentors doctoral students on research and mentors graduate students on professional practices in financial planning. His research focuses on personal and financial economic well-being.

Executive Summary

- Only 32 percent of financial advisers are females, according to national statistics, yet females control 51 percent of the personal wealth in the U.S.
- Given the underrepresentation of female advisers and growing female-controlled wealth, this research sought to address the question of whether gender plays a role in the selection of a financial adviser.
- Using an online survey instrument, 1,011 U.S. respondents evenly split by gender were asked to choose between a financial planner or an investment adviser. The financial planner was female and the investment adviser was male for half the sample, and the financial planner was male and investment adviser was female for the other half.
- Results showed no evidence of same-gender bias; however, females displayed a strong preference for a financial planner, regardless of the adviser's gender.
- This study found evidence that males and females associate different attributes with financial planners and investment advisers. Investors of both genders who valued "soft skills" were likely to select a financial planner.
- Planners can use these findings to pursue new clients, particularly among opposite-gender investors, and assess the depth and breadth of their practice's capabilities, particularly as it relates to female clients and offering a robust financial planning service.

According to the bureau of Labor Statistics, only 32 percent of financial advisers are females,[1] yet females control 51 percent of the personal wealth in the United States (Hewlett, Moffitt, and Marshall 2014).

Females are, in short, an economic powerhouse. In the U.S. alone, females exercise decision-making control over $11.2 trillion, and nearly half of that purse—$5.1 trillion—is managed solely by females. Females represent an untapped opportunity; 53 percent do not have a financial adviser, and 67 percent feel misunderstood by their financial adviser (Hewlett, Moffitt, and Marshall 2014).

Recognizing this gap, many financial services companies, including Bank of America Merrill Lynch, Prudential Financial, and TD Ameritrade, are studying the investment behavior of women in hopes of acquiring these important investors as new clients (Stern 2014). Additionally, many industry organizations have launched efforts to attract more females into the adviser profession.[2]

In 2014, CFP Board undertook a study[3] to determine what attributes were most important to investors when selecting an adviser. Forty-eight percent of respondents chose knowledge of multiple areas over an adviser's investment track record or personal referrals as the most important element. The majority (90 percent) viewed adviser certification as important; 81 percent preferred an adviser who takes all areas of their life into account as opposed to specializing in one or two areas; and 66 percent said they were prepared to abandon or not engage an adviser whose knowledge and training was limited largely to his or her company's products and services.

Competency and impartiality ranked high on the list of investor preferences in the CFP Board report, but does the advisers' gender influence the selection process?

According to the similarity-attraction paradigm (Byrne 1961), individuals tend to be attracted to others similar to themselves. This theory suggests that males would prefer a male adviser, females would prefer a female adviser, and adding more female advisers to the profession is a necessary prerequisite to attract more female clients.

The primary research question in this paper, therefore, is whether a same-gender bias exists when investors select an adviser. Whether the practice type influenced the adviser selection process was explored as a secondary research interest.

According to Lee, Anderson, and Kitces (2015), the two most prominent practice types are financial planner and investment adviser. If the financial services profession wants to attract more female clients, it is important to understand how females view these practice types and whether they have a strong preference between the two.

This research asked survey respondents to choose among different adviser genders and practice types to determine the extent these factors influence their selection decision. This research also explored how individuals identified the attributes and characteristics of an ideal financial adviser.

Theoretical Framework: The Similarity-Attraction Paradigm

The theoretical framework that guided this research effort was the similarity-attraction paradigm. Byrne (1961) suggested that the levels of attraction felt between two people are, at least in part, a function of the dyad's similarities and dissimilarities. Byrne posited that individuals feel a sense of reward when our beliefs and attitudes are shared by another person. As a result, this validation is one element in forming a positive relationship between two individuals. Conversely, when another individual holds different beliefs and attitudes, we feel a sense of punishment and thus, this contradiction is one element in forming a negative relationship.

To help explain the reasons behind the similarity-attraction paradigm, Byrne (1971) introduced the concept of the "effectance motive." This perspective states that individuals seek a logical and consistent view of the world and favor stimuli that reinforce these views. Individuals similar to ourselves satisfy our effectance motive, thus generating positive feelings that result in attraction. Dissimilar people do not satisfy our effectance motive, thus generating feelings associated with anxiety and confusion. These feelings lead to repulsion, or at a minimum, a lack of attraction.

Early research using the similarity-attraction paradigm was primarily interested in attitudes. Byrne's (1961) original experiment measured the levels of similarity based on attitudinal questions ranging from important issues (integration and God) to less important issues (television programs and classical music). The results of the experiment confirmed Byrne's theory: individuals had significantly more positive feelings toward others who shared similar attitudes than those with dissimilar attitudes. Additional research by Byrne and Nelson (1965) found that the percentage of similar attitudes, rather than the total number of similar attitudes, had a highly significant effect on attraction.

Although attitudes and beliefs were the initial focal point of work involving the similarity-attraction paradigm, subsequent research investigated the impact of additional demographic characteristics. Boshoff (2012) found attraction based on similar race and gender in an experiment involving travel agents and irate customers. In an experiment involving spending, Byrne, Clore, and Worchel (1966) found attraction among similarly situated economic cohorts. Finally, McPherson and Smith-Lovin (1987) discovered the emergence of friendship peers within a volunteer organization based on education, occupation, and age similarities.

Similarity-Attraction in Professional Relationships

Previous studies have explored how the similarity-attraction paradigm may impact professional and workplace relationships (Smith 1998; Tsui and O'Reilly 1989). More recently, researchers have focused their efforts primarily on gender and investigated what impact the similarity-attraction paradigm may have on the professional and work-related interpersonal relationships for same-sex and cross-sex dyads. Additionally, researchers have sought to explain what factors are more likely to be associated with gender bias. For example, while Tsui and O'Reilly (1989) generally found a relationship between attraction and similarity for superiors and subordinates, the results specifically relating to gender were less conclusive. The findings showed favorable outcomes for women subordinates with women superiors, but male superiors did not rate subordinates who were men more favorably than they rated subordinates who were women.

Ibarra (1992) examined gender preferences among employees at an advertising firm, focusing on the collegial bonds and informal networks that emerged within the workplace. Examining the five relationship dimensions of communication, advice, support, influence, and friendship, the study found men were more likely to display same-gender preferences for all five dimensions while women were found to prefer other women for support and friendship but preferred men for advice and influence. Ibarra reasoned that for women to be successful at their jobs without forfeiting access to social relationships, they employ a division of labor approach. This approach seeks out other women for expressive relationships but relies on male relationships for instrumental resources. Men took a different division of labor approach; they tended to bond with different men depending upon the relationship dimension.

In an experiment involving recruiters and actual applicants in campus interviews, Graves and Powell (1995) found that female recruiters saw male applicants as more similar to themselves than female applicants, while male recruiters did not use applicant sex to infer similarity. The authors hypothesized that the reason why sex similarity represented a disadvantage rather than advantage to female applicants was the female recruiter's desire to maintain positive social identities. In this case, perhaps those who perceive themselves as belonging to a low status group may engage in various strategies to achieve a more positive social identity. Additional post hoc analysis found that the female recruiters did, in fact, have a lower status at their respective companies than male recruiters.

Finally, in a study involving the effects of gender on perceived service quality, gender did not have any significant effect on the perception of quality of service delivered by male or female service providers (Pinar, Schiffel, Strasser, and Stuck 2014). Nonetheless, the results indicated that ratings varied depending upon whether the industry was considered a high- or low-status group. For example, respondents perceived women in a low-status group (bank teller, fast-food server) as offering better quality of service, while men in high-status groups (doctor, dentist, professor) were perceived as giving better quality of service. The researchers suggested that rather than gender bias, occupational stereotyping has a significant effect on the perceived service quality received by the customer.

Gender Bias in Financial Services

Narrowing the focus to gender bias and the selection of a financial adviser, the research becomes inconclusive. Based on a random sample of 200 adults in Sweden, Soderberg (2013) rejected the hypothesis that consumers are more likely to follow advice given by an adviser of the same sex. According to the results, both males and females were more likely to follow the advice given by a female adviser, partially confirming the similarity-attraction paradigm, but only for female investors.

Lascu, Babb, and Phillips (1997) surveyed 334 adults in an East Coast city and found that female investors were more likely to prefer female brokers over male brokers in a hypothetical choice setting. The average age of the respondents was 36, and the average age when the respondents began investing was 26. In addition, the respondents were well educated, with zero respondents not having completed high school, and the majority holding a college degree. More than half of the survey respondents were married, and the median family income for all respondents ranged from $60,000 to $75,000. Among both genders, investors who preferred female brokers, on average, had lower income, less assets, and more conservative investments. Conversely, a higher proportion of the investors who preferred male brokers had graduate degrees and held a higher percentage of their portfolios in stocks.

Male and Female Investment Characteristics

Because the similarity-attraction paradigm encompasses not only gender but also attitudes and beliefs, it is important to explore the growing body of research suggesting males and females display vastly different investment characteristics.

Byrnes, Miller, and Schafer (1999) conducted a meta-analysis of 150 studies on the risk-taking behaviors of men and women. The research found that males were more likely to take risks than females, and the results were more pronounced in money-related matters. The risk-averse tendencies of female investors, compared to male investors, has also been found in other research (Dwyer, Gilkeson, and List 2002; Frijns, Koellen, and Lehnert 2008; Grable 2013; Olsen and Cox 2001). Additionally, single women reported lower risk tolerance compared to single men, and these women were significantly less likely to save over the short term and be regular savers (Fisher 2010).

Another significant difference between male and female investment behavior is confidence. In general, men have been found to exhibit more overconfidence than women (Lundeberg, Fox, and Punccohar 1994). Barber and Odean (2001) concluded that overconfidence contributed to men trading 45 percent more than women in an analysis of 35,000 brokerage accounts from 1991 to 1997. By trading more, the research found that men hurt their performance compared to women.

Nonetheless, a lack of confidence regarding financial matters can help explain why women tend to have less investment experience. According to a 2017 Wells Fargo whitpaper,[4] 19 percent of women claimed to have little investment experience, compared to 12 percent of men, and only 43 percent of women claimed to have a high level of experience, compared to 60 percent of men.

As a result of these and other differences, research has emerged suggesting advisers need to adjust their approach based upon the gender of the client (Stendardi, Graham, and O'Reilly 2006). To overcome the challenges faced by female investors, Blayney (2010) recommended that advisers provide a thoughtful and comprehensive review of all aspects of their practice, including their planning process, their subject matter expertise, and their relationship management.

Specific areas to pay more attention to include the unique needs of women who typically earn less, work in entrepreneurial and non-traditional enterprises, live longer, need more later-in-life care, and give away more of their resources. Loibl and Hira (2007) suggested advisers use the transtheoretical model of change, which motivates individuals to change their behavior not instantaneously but through successive stages, to help guide female clients through the investing process.

Research Hypothesis

For this study, the main hypothesis investigated was:

H1: Gender similarity will have a positive effect on the selection of a financial adviser.

This hypothesis stems directly from Byrne's (1961) similarity-attraction paradigm, which posits that the level of attraction between two people is a function of similarities and dissimilarities—in this case, gender similarity. The authors believe that investors may perceive that a same-gender adviser will approach financial opportunities similar to themselves, have a better understanding of their unique challenges, have an easier time communicating, and ultimately represent a "better fit" than an opposite-gender adviser.

Whether gender bias was found to exist or not, this research also sought to investigate—as a secondary matter—whether there were significant differences between male and female preferences and preconceptions about the two major practice types—financial planner and investment adviser. Therefore, two hypotheses related to gender differences in financial adviser selection were also tested:

H2: Males are more likely to select an investment adviser, while females are more likely to select a financial planner.

H3: Males and females associate different attributes with a financial planner and investment adviser.

Finally, this research explored whether the selection of a financial planner or investment adviser depended upon the attributes most important to investors. The fourth hypothesis investigated was:

H4: There is a significant relationship between an investor's desired adviser attributes and the selection of either a financial planner or investment adviser.

Methodology

Experimental design. To explore the research question of whether gender bias exists when selecting a financial adviser, this study explored two distinct types of adviser practices—a financial planner and an investment adviser. According to the Securities and Exchange Commission,[5] most financial planners are investment advisers, but not all investment advisers are financial planners. A financial planner is described by the SEC as someone who will assess multiple aspects of a client's financial life and help develop a detailed strategy or financial plan for meeting their financial goals. In contrast, an investment adviser is an individual or firm that is in the business of giving advice about securities to clients.

Lee, Anderson, and Kitces (2015) described four financial adviser practice types and specified the prevalence of each in the marketplace: money manager (9 percent), wealth manager (10 percent), financial planner (21 percent), and investment adviser (64 percent). For simplicity purposes, this research combined the roles of money manager with investment adviser, and wealth manager with financial planner.

A financial planner provides a full range of planning services, including income tax and insurance, based on an extensive analysis of a client's assets and liabilities. The investment adviser typically emphasizes asset management as their primary service but may offer modular planning services such as retirement planning or education funding.

Smith, Vibhakar, and Terry (2007) explored these practice types by comparing the skills, expertise, and target market of CFP® certificants and CFA charterholders. The research found that while some overlap exists, there was a significant difference between the services offered by advisers holding these designations.

Data. For this investigation, an online survey instrument was administered through the panel and data collection company, Research Now SSI, in January 2018. The national online panel had more than 17 million panelists in over 90 countries. The sample was sent to U.S. residents between ages 25 and 85, with a specific gender/asset quota (400 males and 400 females with investable assets between \$250,000 and \$1 million, and 100 males and 100 females with investable assets over \$1 million). Only those respondents with a net worth (excluding primary residence) of \$250,000[6] and who currently engaged, or would be willing to engage, an adviser within the next two years, were allowed to complete the survey.

Survey responses were collected until the number of responses reached approximately 1,000 with each gender evenly distributed. The survey instrument did not allow respondents to skip any questions.

Survey details. Each survey respondent was presented two adviser profiles—

Table 1: Selection of Same-Gender Adviser and Different-Gender Adviser

	Proportion of Those Who Chose Same-Gender Adviser	Proportion of Those Who Chose Different-Gender Adviser	*p*-value (one-sided)
Total Sample	51.34%	48.66%	0.1979
Male Respondents	49.70%	50.30%	0.5531
Female Respondents	52.96%	47.04%	0.0912

one was a male adviser, and the other was a female adviser. The adviser names, Paul and Barbara, were shown in the profile so that respondents were able to notice the adviser's gender.

The survey design included a condition that in each gender of the respondents, half was presented a profile of a male investment adviser (IA) and a female financial planner (FP), and the other half was presented the same profiles, only the investment adviser was female and the financial planner was male. This condition was included to keep the respondents ignorant that the survey was about gender. Additionally, the condition will help determine if the combination of adviser practice type and adviser gender would affect the selection of adviser in ways that reflect gender stereotyping.

The profiles were created based on discussions with practitioners regarding what is expected from an investment adviser and a financial planner and described neutrally. These two profiles are presented in Exhibits 1 and 2.

Exhibit 1: investment adviser profile. Paul/Barbara has 20 years of experience as an investment adviser. He/she provides each client with a personalized investment portfolio for an annual fee. He/she builds each portfolio using a proprietary, state-of-the-art asset allocation methodology that maximizes the return for the amount of risk each person is willing to assume. Once an asset allocation strategy is developed, he/she will select underlying investments from a carefully screened list of options that has been approved by his/her global investment committee. Over time, he/she may slightly adjust the asset allocation to take advantage of short-term opportunities that may be present in the marketplace. Every quarter, he/she provides his/her clients a comprehensive report that illustrates how the portfolio is invested, the most recent performance history, and how the performance compares to an appropriate benchmark.

Females represent an untapped opportunity; 53 percent do not have a financial adviser.

Exhibit 2: financial planner profile. Paul/Barbara has 20 years of experience as a financial planner. He/she starts each new client engagement with a thorough fact-finding session that includes an understanding of the client's current financial situation and short- and long-term objectives. In addition to learning about each client's assets, liabilities, income, and expenses, he/she also learns about each client's family history and relationships, what money means to clients, and the values and legacy each client wishes to pass down to their heirs. After obtaining this information, a financial plan is constructed that may include recommendations for asset allocation, retirement planning, insurance assessment, college savings, and wealth transfer. Each year, he/she meets with each client to determine if any changes are necessary to the original financial plan or asset allocation. These services are provided for an annual fee.

After reading each profile, respondents were asked to select between the two. Respondents were also asked to identify the characteristics that they associated with each adviser profile and the ideal characteristics they would seek in choosing their own adviser.

Sample demographics. The sample contained 1,011 responses; 506 were female and 505 were male. Seventeen percent of respondents were between ages 25 and 44; 16 percent were between ages 45 and 54; 30 percent between ages 55 and 64; and 37 percent between ages 65 and 80. Slightly more than four in 10 (41 percent) of respondents were retired, and almost three-quarters (74 percent) were married. About eight in 10 (79 percent) respondents currently worked with a financial adviser. Average investable assets were \$971,000, and average annual income was \$122,000. About 93 percent of respondents said that they were the lead financial-decision maker for their households (62 percent were the primary decision maker themselves, and 31 percent shared responsibility with their spouse). Only 7 percent of respondents said someone else was the lead decision maker.

Results

Existence of gender bias (*H1*). To investigate whether gender bias exists in the selection of a financial adviser, one sample z-test for proportion was performed (see Table 1). Also, because hypothesis 1 implied not only a difference but a specific direction, results from one-tailed tests were reported. No gender bias was found (p = 0.1979). Furthermore, the non-existence of gender bias was found when separating

Table 2: Selection of Financial Planner and Investment Adviser

	Proportion of Those Who Chose Financial Planner	Proportion of Those Who Chose Investment Adviser	*p*-value (one-sided)
Male Respondents	51.68%	48.32%	0.7753
Female Respondents	60.28%	39.72%	< 0.0001
Profile Type 1 (FP-Female, IA-Male)			
Male Respondents	52.00%	48.00%	0.7365
Female Respondents	63.14%	36.88%	< 0.0001
Profile Type 2 (FP-Male, IA-Female)			
Male Respondents	51.37%	48.63%	0.6694
Female Respondents	57.37%	42.63%	0.0098

Table 3: Associated Attributes of a Financial Planner

Attribute	Male Respondent's Mean Score	Female Respondent's Mean Score	Difference	*p*-value
Collaborative	1.8000	2.2666	–0.4668	< 0.0001
Easy to Talk to/Good Listener	1.4634	1.7569	–0.2936	0.0108
Creative	0.5861	0.3854	0.2008	0.0078
Academic	0.4317	0.2885	0.1431	0.0333

Table 4: Associated Attributes of an Investment Adviser

Attribute	Male Respondent's Mean Score	Female Respondent's Mean Score	Difference	*p*-value
Confident	1.3861	1.6798	–0.2937	0.0074
Tech Savvy	1.4277	1.7668	–0.0048	0.0048
Easy to Talk to/Good Listener	0.7644	0.5099	0.2545	0.0019
Empathetic	0.2772	0.1245	0.1527	0.0029
Friendly	0.5802	0.2431	0.3371	< 0.0001
Creative	0.6911	0.5178	0.1733	0.0378
Similar Clients to Myself	1.0000	0.7727	0.2273	0.0177

the sample by respondent's gender (p = 0.5531 for males; p = 0.0912 for females).

Preference for adviser type (*H2*). To investigate whether there is gender difference in the preference for financial adviser practice type, one sample z-test for proportion was performed (see Table 2). Also, because hypothesis 2 implied not only a difference but a specific direction, results from one-tailed tests were reported.

The proportion of females who chose a financial planner was significantly higher than females who chose an investment adviser, supporting hypothesis 2 (p < 0.0001). Males, however, also selected financial planners more than investment advisers, not supporting hypothesis 2 (p = 0.7753).

The results were the same when the same test was conducted for profile type 1 (where participants were presented with a female financial planner profile and a male investment adviser profile) and profile type 2 (where participants were presented with a male financial planner profile and a female investment adviser profile) to control the effect of profile type. Males failed to present the preference for an investment adviser, but females were more likely to choose a financial planner, regardless the financial planner's gender. Of note is that the female respondents' preference for a financial planner was stronger when the gender of the financial planner was female than male, but the difference was only marginally significant (p = 0.0925; one-sided).

Associated attributes of adviser practice type (*H3*). Respondents were asked to consider 14 attributes and to rank order the top five they associated with financial planners and investment advisers. The 14 attributes were: (1) hardworking; (2) collaborative; (3) easy to talk to/good listener; (4) empathetic; (5) leader; (6) confident; (7) tech savvy; (8) good with numbers; (9) friendly; (10); creative; (11) has similar clients to myself; (12) personally financially successful; (13) rigorous/thorough; and (14) academic.

These attributes were chosen based on feedback received from various professionals including advisers. Using these responses, continuous variables for each attribute were constructed as follows: a first ranking was scored a five, a second ranking was scored a four, a third ranking was scored a three, a fourth ranking was scored a two, a fifth ranking was scored a

Table 5: Desired Attributes Across Three Dimensions

Attribute Factor	Mean Score of Those Who Chose Financial Planner	Mean Score of Those Who Chose Investment Adviser	Difference	*p*-value
Adviser Demeanor	–0.1047	0.1132	–0.2179	0.0002
Soft Skills	0.1540	–0.1946	0.3486	< 0.0001
Adviser Proficiency	–0.1111	0.1414	–0.2525	< 0.0001

one, and an attribute that was unranked was scored a zero.

The mean scores of each attribute for each practice type were compared for male and female respondents. The attributes that showed significant differences between male and female respondents are reported in Tables 3 and 4.

When it comes to attributes of a financial planner, females more strongly associated with collaboration and being easy to talk to/a good listener, while males were more likely to be associated with creative and academic. Conversely, when comparing attributes of an investment adviser, males were associated with empathetic, friendly, creative, has similar clients to myself, and easy to talk to/good listener. Females associated investment advisers with confident and tech savvy. These differences provided support for hypothesis 3.

Desired attributes of a potential adviser (*H4*). Respondents were asked to think about the style of financial adviser that they would like to work with and to rank the importance of each attribute. A four-point Likert-type scale consisting of (1) not important; (2) nice to have but not needed; (3) important; and (4) critical was used. The top five scoring attributes were the same for both males and females: rigorous, collaborative, hardworking, easy to talk to/good listener, and good with numbers.

Next, a factor analysis was conducted and the 14 attributes were reduced into three factors: adviser demeanor, soft skills, and adviser proficiency (the factor analysis outputs are included in the appendix). Attributes such as leader, academic, and personally financially successful were loaded heavily to adviser demeanor. Attributes such as easy to talk to/good listener, friendly, and collaborative were loaded to soft skills. And attributes such as rigorous, good with numbers, and hardworking were heavily loaded to adviser proficiency.

To test whether there was a significant difference in adviser selection based on desired attributes, *t*-tests were conducted between respondents who selected a financial planner and respondents who selected an investment adviser. Adviser demeanor and adviser proficiency were more desired among those who choose an investment adviser, while soft skills were more desired among those who choose a financial planner (see Table 5). These findings provide support for hypothesis 4.

Discussion

This study investigated whether same-gender bias exists in the selection of a financial adviser. The data points out that same-gender bias does not exist, yet this study has yielded some additional results, offering the potential to improve the industry's appreciation of investor preferences regarding adviser selection.

First, no gender bias was found across the sample or among male and female respondents. This study's results differed from prior research, which found gender bias among female investors (Lascu, Babb, and Phillips 1997; Soderberg 2013). If not gender, then what preferences, if any, do males and females have when selecting an adviser?

The SEC and Lee, Anderson, and Kitces (2015) suggested that within the financial advisory profession are two main types of practices—financial planner and investment adviser. The test results of hypothesis 2 offered clear evidence that while males are indifferent to practice type, females strongly prefer financial planners over investment advisers. To try and understand why females so strongly preferred financial planners as compared to males, this research investigated the attributes each gender associates with both practice types.

When it comes to financial planners, collaborative and easy to talk to/good listener were the attributes females associated with this practice type compared to males. Conversely, when it comes to investment advisers, males cited attributes such as easy to talk to/good listener, empathetic, friendly, creative, and has clients similar to myself, more than females. Given females' relative lack of investment confidence (Barber and Odean 2001; Lundeberg, Fox, and Punccohar 1994) and experience,[7] perhaps it is no surprise that the practice type they view as providing a collaborative approach with someone who is easy to talk to is a more inviting option. On the other hand, males showed no preference for an investment adviser, despite feeling at ease with this practice type based on their cited associated attributes.

Finally, this research investigated whether desired adviser attributes was significantly different between those who selected a financial planner and those who selected an investment adviser. The results indicated that investors who value soft skills are likely to prefer a financial planner, while those who value adviser demeanor and proficiency are likely to prefer an investment adviser.

Because females are more likely than males to associate soft skills, such as collaborative and easy to talk to/good listener, with a financial planner and these attributes rank second and fourth on their list of desired attributes, it is logical that females overwhelmingly prefer this practice type. Males, despite having the same desired adviser attributes as females, showed no discernable preference between either practice type.

These findings suggest that males are equally likely to engage with either practice type, and this ambivalence may be because of their higher degrees of investment confidence and experience as compared to females.

Limitations

This study has some limitations and presents opportunities for future research. First, although great care was taken to present two different practice types in an unbiased fashion, it is possible that some respondents misinterpreted one description as "bad" and the other as "good." Opinions from various practitioners familiar with both investment advisory and financial planning services were consulted to help paint a fair picture of the two capable, albeit different, options available in the marketplace. Also, the profiles were delivered through a hypothetical online interface. A study involving actual advisers of both practice types would offer a logical extension.

Second, although this study focused on gender and adviser practice type, other important factors related with adviser selections may exist. For example, future research could explore in greater detail investor characteristics such as investment experience, investment confidence, and risk tolerance. Additionally, how does previous experiences with advisers influence the selection of a future adviser, if at all? Perhaps additional facets of gender preferences and biases influence adviser selection.

Finally, the 14 adviser attributes were originally sourced from a variety of industry publications and confirmed by various professionals including advisers. Because these attributes were not based on a scientific study, however, it is possible some attributes that are important to investors were not included on the list.

Implications

Based on these results, advisers have four immediate action steps to consider. First, it is important for advisers to realize and deliver the most desired attributes investors are seeking, regardless of practice type. For example, neither males nor females associated collaboration with an investment advisory approach; however, people value this trait, and investment advisers should be sure to welcome and encourage client input into the decision-making process.

Females were more likely to choose a financial planner, regardless the financial planner's gender.

Second is the opportunity to pursue new clients, particularly among the opposite-gender investors. As this research points out, males and females will not likely be predisposed to work with a similar-gender adviser. Advisers who have been narrowing their marketing efforts to target same-gender prospects might wish to reconsider this strategy and broaden their outreach.

Third is the depth and breadth of advisory team capabilities. For investment advisory practices, females are more likely to seek out a financial planning relationship, and teams might consider expanding their capabilities to include these services. For teams already offering both investment advisory and financial planning services, teams might consider assessing both individual member and collective skill sets to ensure the attributes most highly sought after by investors are reflected in their client engagement model. Specifically, financial planners must recognize that their role continues to shift from financial analytics to coaching and life planning (Dubofsky and Sussman, 2009).

According to Dubofsky and Sussman (2009), planners report that approximately 25 percent of contact with clients is devoted to non-financial issues, and 74 percent of planners estimate that the amount of time they are spending on these issues had increased over the last five years. Many planners believe that these abilities make them better planners and help their clients. Among the issues raised are religion and spirituality, death, family dysfunction, illness, divorce and depression. Investors who value "soft skills" and are seeking advisers who are easy to talk to and good listeners may wish to discuss these sensitive and personal issues with their financial adviser rather than family, friends, a therapist, or clergy member.

Finally, Wall Street's strategy to add female advisers seems on point, but not because female clients are seeking female advisers. One of the most interesting results of this research is that 65 percent of respondents would like to work with a team that has both male and female leadership. According to Shirk (2017), advisers with $100 million or more in individual assets under management are more likely to operate in teams than solo practitioners, and the highest-performing teams bring together a mix of advisers with different backgrounds, strengths, expertise, and interests. ■

Appendix: Summary of Exploratory Factor Analysis Results for the Desired Attribute for Financial Adviser (N = 1,011)

	Rotated Factor Loadings		
Item	**Adviser Demeanor**	**Soft Skills**	**Adviser Proficiency**
Leader	**0.71**	0.19	0.10
Academic	**0.71**	0.05	0.12
Personally Financially Successful	**0.63**	0.20	0.12
Confident	**0.50**	0.35	0.33
Creative	**0.49**	0.28	0.21
Tech Savvy	**0.49**	-0.05	**0.47**
Easy to Talk to/Good Listener	0.09	**0.76**	0.23
Friendly	0.25	**0.73**	–0.02
Collaborative	–0.09	**0.62**	0.40
Empathetic	0.28	**0.62**	0.08
Has Clients Like Me	0.38	**0.48**	0.00
Rigorous/Thorough	0.05	0.20	**0.79**
Good with Numbers/Analytical	0.23	0.02	**0.74**
Hardworking	0.28	0.30	**0.55**
Eigenvalues	2.58	2.52	2.09
% of Variance	18.41%	18.02%	0.15
Cronbach Alpha	0.75	0.73	0.66

Note: Factor loadings over 0.40 appear in bold.
A principal component analysis (PCA) was conducted on the 14 items with orthogonal rotation (varimax). The Kaiser-Meyer-Olkin measure verified the sampling adequacy for the analysis, KMO = 0.89. The table shows the factor loadings after rotation. The items that cluster on the same components suggest that component 1 represents adviser demeanor, component 2 soft skills, and component 3 adviser proficiency.

Endnotes

1. See "Labor Force Statistics from the Current Population Survey" at bls.gov/cps.
2. See the 2014 CFP Board report, "Making More Room for Women in the Financial Planning Profession" at cfp.net/docs/about-cfp-board/cfp-board_win_web.pdf.
3. See "Investor Preferences in Selecting a Financial Advisor" at cfp.net/docs/default-source/news-events---research-facts-figures/cfp-board-investor-preference-survey-orc-international-2014-12.pdf.
4. See "Women and Investing: Building on Strengths" at wellsfargo.com/assets/pdf/personal/investing/investment-institute/women-and-investing-ADA.pdf.
5. See "Investment Advisers: What you Need to Know Before Choosing One" at sec.gov/reportspubs/investor-publications/investorpub sinvadvisershtm.html.
6. A net worth of $250,000 was chosen because it is the required minimum amount needed to open accounts at many large financial services companies including Merrill Lynch (Levaux 2012) and Morgan Stanley (brokerage-review.com/online-brokers/fullservice/morgan-stanley-review.aspx).
7. See endnote No. 4.

References

Barber, Brad M., and Terrance Odean. 2001. "Boys Will Be Boys: Gender, Overconfidence, and Common Stock Investment." *The Quarterly Journal of Economics* 116 (1): 261–291.

Blayney, Eleanor. 2010. "Empowering, Educating, and Engaging Women Clients." *Journal of Financial Planning* 23 (10): 48–55.

Boshoff, Christo. 2012. "A Neurophysiological Assessment of Consumers' Emotional Responses to Service Recovery Behaviors: The Impact of Ethnic Group and Gender Similarity." *Journal of Service Research* 15 (4): 401–413.

Byrne, Donn. 1961. "Interpersonal Attraction and Attitude Similarity." *Journal of Abnormal and Social Psychology* 62 (3): 713–715.

Byrne, Donn. 1971. *The Attraction Paradigm*. New York, N.Y.: Academic Press.

Byrne, Donn, and Don Nelson. 1965. "Attraction as a Linear Function of Proportion of Positive Reinforcements." *Journal of Personality and Social Psychology* 1 (6): 659–663.

Byrne, Donn, Gerald L. Clore Jr., and Philip Worchel. 1966. "Effect of Economic Similarity-Dissimilarity on Interpersonal Attraction." *Journal of Personality and Social Psychology* 4 (2): 220–224.

Byrnes, James P., David C. Miller, and William D. Schafer. 1999. "Gender Differences in Risk Taking: A Meta-Analysis." *Psychological Bulletin* 125 (3): 367–383.

Dubofsky, David, and Lyle Sussman. 2009. "The Changing Role of the Financial Planner Part 1: From Financial Analytics to Coaching and Life Planning." *Journal of Financial Planning* 22 (8): 48–57.

Dwyer, Peggy D., James H. Gilkeson, and John A. List. 2002. "Gender Differences in Revealed Risk Taking: Evidence from Mutual Fund Investors." *Economic Letters* 76 (2): 151–158.

Fisher, Patti J. 2010. "Gender Differences in Personal Saving Behaviors." *Journal of Financial Counseling and Planning* 21 (1): 14–24.

Frijns, Bart, Ester Koellen, and Thorsten Lehnert. 2008. "On the Determinants of Portfolio

Choice." *Journal of Economic Behavior & Organizations* 66 (2): 373–386.

Grable, John E. 2013. "Gender, Wealth, and Risk: Why are Baby Boomer Women Less Risk Tolerant than Baby Boomer Men?" *Journal of Financial Service Professionals* 67 (3) 7–9.

Graves, Laura M., and Gary N. Powell. 1995. "The Effect of Sex Similarity on Recruiters' Evaluations of Actual Applicants: A Test of the Similarity-Attraction Paradigm." *Personnel Psychology* 48 (1): 85–98.

Hewlett, Sylvia Ann, Andrea Turner Moffitt, and Melinda Marshall. 2014. "Harnessing the Power of the Purse: Female Investors and Global Opportunities for Growth." Center for Talent Innovation whitepaper. Retrieved from talentinnovation.org/assets/HarnessingThePowerOfThePurse_ExecSumm-CTI-Confidential.pdf.

Ibarra, Herminia. 1992. "Homophily and Differential Returns: Sex Differences in Network Structure and Access in an Advertising Firm." *Administrative Science Quarterly* 37 (3): 422–447.

Lascu, Dana-Nicoleta, Harold W. Babb, and Robert W. Phillips. 1997. "Gender and Investments. The Influence of Gender on Investment Preferences and Practices." *Managerial Finance* 23 (10): 69–83.

Lee, Raef, John D. Anderson, and Michael Kitces. 2015. "The Next Wave of Financial Planning: How to Compete in an Endlessly Changing Advice Marketplace." SEI whitepaper. Retrieved from OneFPA.org/membership/documents/SEI-Next-Wave-Financial-Planning-White-Paper.pdf.

Levaux, Janet. 2012. "Merrill Lynch Boosts Client Minimum, Earns Expert's Kudos." ThinkAdvisor, posted Jan. 5 at thinkadvisor.com/2012/01/05/merrill-lynch-boosts-client-minimum-earns-experts.

Loibl, Cazilia, and Tahira K. Hira. 2007. "New Insights into Advising Female Clients on Investment Decisions." *Journal of Financial Planning* 20 (3): 68–75.

Lundeberg, Mary A., Paul W. Fox, and Judith Punccohar. 1994. "Highly Confident but Wrong: Gender Differences and Similarities in Confidence Judgements." *Journal of Education Psychology* 86 (1): 114–121.

McPherson, Miller J., and Lynn Smith-Lovin. 1987. "Homophily in Voluntary Organizations: Status Distance and the Composition of Face-To-Face Groups." *American Sociological Review* 52 (3): 370–379.

Olsen, Robert A., and Constance M. Cox. 2001. "The Influence of Gender on the Perception and Response to Investment Risk: The Case of Professional Investors." *The Journal of Psychology and Financial Markets* 2 (1): 29–36.

Pinar, Musa, Lee Schiffel, Sandy Strasser, and James M. Stuck. 2014. "Effects of Gender Similarity/Dissimilarity, Gender Stereotyping and Culture on Perceived Service Quality." *Journal of Organizational Culture, Communications and Conflict* 18 (1): 149–168.

Shirk, Kenton. 2017. "High-Performing Advisor Teams." *Investments & Wealth Research* (4) 1–7.

Smith, Brock J. 1998. "Buyer-Seller Relationships: Similarity, Relationship Management and Quality." *Psychology & Marketing* 15 (1): 3–21.

Smith, Rachel K., Ashvin Vibhakar, and Andy Terry. 2007. "Demarcating Designations: Chartered Financial Analyst and Certified Financial Planner." *Journal of Financial Services Marketing* 12 (4): 299–310.

Soderberg, Inga-Lill. 2013. "Relationships Between Adviser Characteristics and Consumer Perceptions." *International Journal of Bank Marketing* 31 (3): 147–166.

Stendardi, Edward J., Judy F. Graham, and Mary O'Reilly. 2006. "The Impact of Gender on the Personal Financial Planning Process." *Humanomics* 22 (4): 223–238.

Stern, Linda. 2014. "Why Wall Street Is Wooing Women and Their Future Wealth." *Money*/Reuters, posted July 18 at time.com/money/2992759/what-do-women-investors-want.

Tsui, Anne. S., and Charles A. O'Reilly. 1989. "Beyond Simple Demographic Effects: The Importance of Relational Demography in Superior-Subordinate Dyads." *Academy of Management Journal* 32 (2): 402–423.

Citation

Sommer, Matthew, Han Na Lim, and Maurice MacDonald. 2018. "Gender Bias and Practice Profiles in the Selection of a Financial Adviser." *Journal of Financial Planning* 31 (10): 38–47.

REACH **68K** **FINANCIAL PLANNERS**

PRINT & DIGITAL

Find out how, call:

Anne LaFlam

303-867-7147

Or email:

alaflam@onefpa.org

The opinions and views expressed are as of the date published and are subject to change without notice. They are for information purposes only and should not be used or construed as an offer to sell, a solicitation of an offer to buy, or a recommendation to buy, sell or hold any security, investment strategy or market sector. There is no guarantee that the information supplied is accurate, complete, or timely, nor are there any warranties with regards to the results obtained from its use.

C-0918-19922 11-30-19