

A Study of the Impact of the Rise of “Her Power ”on the StockMarket

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Abstract. The study examine the growing influence of women in the marketplace. As global human rights progress, gender equality has become a key focus, leading to greater female participation in economic activities. Over the past decades, women's education levels have risen significantly, enabling more women to engage in social production and leadership roles. Notably, the number of female executives in corporations has steadily increased, and a growing cohort of women investors now actively shapes financial markets with their decision-making. The research highlights that despite persistent challenges in female career advancement, companies with female chairpersons exhibit stronger development potential. Studies suggest that women leaders often adopt more balanced and rational strategies, particularly in crisis management, where they demonstrate superior risk assessment and collaborative decision-making. Additionally, in investment behaviors, women tend to be more risk-averse and analytical, leading to more stable long-term returns. These findings underscore the positive impact of women's leadership on organizational resilience and market stability. Ultimately, this paper affirms that empowering women in the economy not only promotes social equity but also enhances business performance and financial prudence, benefiting the broader market ecosystem.

Keywords: Education, female investor, Stock market, Female Leadership.

1. Introduction

The problem we have to face is that even with the development of gender egalitarianism and the emergence of many excellent female benchmarks, women are still in a relatively disadvantaged state in some developing countries. Let's take an example: women often have to work harder and sacrifice more to compete with men for the same position. This post will examine the impact of new age female power on the marketplace. With the development of gender and education equity policies, more and more women are given the opportunity to enter institutions of higher learning and get a better education. The wave of education has fueled the emergence of many outstanding women investors and leaders. The United Kingdom is a valuable sample for this research because the UK government has set a goal for at least one-third of boardroom positions to be held by women by the end of 2020. This gives a glimpse of the influence of women in the marketplace.

Existing literature analyses whether women are a more desirable investor from different perspectives, as well as discussing that the presence of female directors is positively correlated with firm value, while shedding light on how female entrepreneurs have risen to prominence in the face of patriarchal oppression. Although extensive research has been carried out on where woman leaders stand today, no single study exists which more integrated analyses.

This paper will provide a comprehensive multi-perspective analysis of female investor behaviour, and the promotion of female leadership in business, focusing on three questions: whether the increase in female education has directly or indirectly contributed to the increase in female investors in the stock market; whether the increase in female investors has had an impact on the stock market; and female leadership and value creation in business. This study employs a mixed-methods approach to examine the growing influence of women in leadership and investment spheres. The paper compiles existing research on women in finance, filling a gap in the literature and providing a structured guide for future scholars studying the power of women in the marketplace.

2. Theoretical basis

2.1 Overconfidence Bias

Investors often overestimate their ability to make accurate judgments or predict market movements, which can lead to excessive trading[1]. Studies show that female investors tend to be more cautious and less overconfident than males, resulting in more stable investment performance, including higher net returns and lower transaction costs[2].

2.2 Risk Aversion Theory

It has been demonstrated through empirical studies that individuals have a tendency to avoid risk and prefer security, especially when faced with uncertainty, rather than seeking high returns[3]. Research has shown that women exhibit higher levels of risk aversion than men, favoring conservative investments such as bonds and real estate over high-risk equities. This tendency exerts a significant influence on their asset allocation and long-term wealth accumulation[4].

2.3 Bounded Rationality

Decision-making processes are constrained by individuals' cognitive capacities and the information available to them, resulting in what is termed "satisficing," as opposed to optimization. Women frequently underestimate their financial literacy, which can manifest in a tendency toward conservative investment behaviors that are, by their nature, rational. Research has demonstrated that enhancing financial education among women has been shown to significantly increase their investment participation and confidence[5].

2.4 Paradox of Choice

The paradox of choice refers to a phenomenon where an abundance of options can overwhelm individuals, leading to decision paralysis and, ultimately, inaction. When faced with a wide array of complex and often difficult-to-understand financial products, many women may feel pressured or uncertain about which option to choose. This uncertainty, often linked to lower financial confidence, may cause them to delay making decisions or default to safer, more conservative investments to avoid the risk of choosing incorrectly[4].

3. Female Leadership, Corporate Governance, and Value Creation

The number of female entrepreneurs is rising every year. "In fact, there is one female entrepreneur for every 1.5 male entrepreneurs. This compares with global averages of one female entrepreneur for every two males. And it's likely this gap will continue to close since women are starting businesses at faster rates than men"[5]. Studies show that female leaders often handle global crises more effectively than male counterparts. They tend to adopt collaborative, empathetic approaches, leading to better outcomes. For example, during COVID-19, countries like New Zealand and Germany, led by women, had stronger responses and lower death rates. Their focus on long-term stability over short-term gains highlights the value of gender diversity in leadership[6]. "There is a positive link between female Chairman and market value[7]."

4. Female investors and Stock Market Dynamics

A study shows that venture capitalists and angel investors are becoming more interested in women entrepreneurs during the investment process. "Both male and female investors are more likely to show interest in female entrepreneurs"[8]. Rising numbers of women entrepreneurs are relying more on bank loans and substituting debt for equity. Additionally, female-led startups backed by venture capital outperform male-led startups in male-dominated industries. These findings suggest that context-related stereotypes influence decisions about equity financing[9]. Some findings suggest that women are

natural investors. “female investor profile is closer to existing conceptions of the reasonable investor than the resulting male investor profile”[2]

4.1 Demographic Shifts: Patterns of Female Participation in Global and Chinese Stock Markets

A 2021 survey by Fidelity Investments revealed that 67% of women were investing outside their retirement accounts, up from 44% in 2018. Additionally, the number of women interested in investing has increased by 50% since the start of the pandemic. Other statistics:McKinsey & Company found that the percentage of married women making financial and investment decisions increased by 30% between 2015 and 2020.According to a survey by UBS, a global financial services firm, 68% of women had started to talk about finances in their homes in 2021.According to a survey by Fidelity Investments, 60% of women invested in the stock market in 2023.Thus, although the gender gap in investing still exists, progress toward equality in this area is being made.[10]

According to the Science and Technology Innovation Board Daily's incomplete statistics, as of March 8, 2023, 320 companies on the A-share market had female chairpersons. More than 90 of these companies had a market value of over 10 billion yuan. Four of these companies had a market value of over 100 billion yuan. Of the companies listed on the Science and Technology Innovation Board, 25 were led by female chairpersons, 12 of which had a market value of over 10 billion yuan[11].

In addition to chairpersons, many female executives in A-share companies hold positions such as general manager, chief financial officer, and board secretary. According to an incomplete survey by the Science and Technology Innovation Board Daily, as of March 8 of this year, over 400 women were presidents or general managers of A-share companies, over 1,700 were chief financial officers, and over 1,600 were board secretaries.A-share companies also include female managers in the pipeline. According to incomplete statistics from the Science and Technology Innovation Board Daily, over 80 companies currently undergoing IPO reviews have female chairpersons, and nearly 1,000 women hold senior management positions, such as general manager, CFO, and board secretary [9].

4.2 Behavioral Differences: Risk Aversion, Long-Term Horizon, and ESG Investing Preferences

In recent years, women's wealth has continued to grow, and "she-power" has been on the rise in the investment field. More and more women are hoping to achieve financial independence. From 2021 to 2025, the annual growth rate of investable wealth for women (6.0%) is expected to exceed that for men (4.2%). North America has the highest proportion of women's wealth, while Asia is growing fastest. Women tend to be more conservative with their investments, preferring bonds and real estate. They have a much lower risk tolerance than men do. Only 3% of women are willing to take risks for higher returns, compared to 26% of men. Some women underestimate their potential returns, which affects their investment confidence. Experience and knowledge influence women's risk assessments; younger women generally have greater financial confidence.

Women generally prefer sustainable investments and place greater emphasis on ESG investing. Seventy-one percent of women consider sustainability factors when investing, compared to 58% of men. They are also more likely to support women-led entrepreneurial projects. Once invested, women often outperform men, achieving an annual return rate that is 1.8% higher, primarily due to lower transaction frequency and costs. Women have clearer investment objectives and prioritize security and value-driven approaches with a focus on social and environmental impacts. Clearly, goal- and value-driven investments inspire women's participation and generate positive "she-effects.". Women's investment preferences highlight the “she effect” .[12]

5. Conclusion

This research shows how women are changing business and finance in important ways. As more women get better education, we see more female leaders and investors making a difference.

Companies with women in charge often do better, especially when dealing with tough situations. Women investors tend to make careful, smart choices that pay off over time. But problems still exist. In some countries, women have to work much harder than men to get the same opportunities. While places like the UK are making progress by putting more women in leadership roles, many areas still lag behind. The evidence tells us two things clearly. First, when women get equal chances in business, everyone benefits. Second, we need to do more to help women succeed, like teaching money skills and changing workplace rules.

Looking ahead, the business world needs what women offer - good judgment, teamwork, and smart planning. As markets change, these qualities will matter even more. This isn't just about being fair to women. It's about building stronger companies and healthier economies for everyone.

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