

Do Male and Female Investors Use Different Information when Assessing Stock Valuation and Trustworthiness?

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Abstract

Most listed Japanese companies announce earnings forecasts based on their management (management forecasts). Management forecasts are particularly important for investors' decision-making because they are published by managers who hold inside information. A previous study conducted an online experiment among Japanese investors. Investors looked at the information presented on the frequency of beating (versus missing) and earnings surprises and evaluated five items: a common stock valuation of the firm, the desirability of the firm, the future prospects of each firm, the competence of management, and trustworthiness. However, the previous study did not compare male and female investors. Therefore, we compared male and female investors based on the data of a previous study. First, a comparison of the means between men and women showed that, overall, the means of male responses were higher. The analysis of variance showed that, in terms of stock evaluation, significant differences were obtained for males in the frequency of beating ($F_{1,108} = 27.95$, $p=0.001$) and earnings surprises ($F_{1,104} = 6.07$, $p=0.015$), so that both the number of achievements and earnings surprises were considered and evaluated. On the other hand, there were significant differences for females on the frequency of beating ($F_{1,108} = 5.26$, $p=0.024$), so it was clear that female investors evaluated them by looking at the number of achievements only. For trustworthiness, both male and female were evaluated based on the frequency of beating (male $F_{1,108} = 31.41$, $p=0.001$; female $F_{1,108} = 8.04$, $p=0.005$). Therefore, for a company to be highly valued as a stock valuation by male investors, it is important to increase the number of achievements and earnings surprises, and in the case of female investors, the number of achievements. It is also important for firms to be rated highly reliable by both male and female investors.

Keywords

Management forecast, stock valuation, trustworthiness, male and female investors, and experiment study.

Biographies

Kaori Ojima is a graduate student of the Department of Industrial Engineering and Management at Kanagawa University, Japan.

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Hirohisa Hirai is a professor in the Department of Industrial Engineering and Management at Kanagawa University, Japan. He earned his Ph.D. in Engineering at Osaka University. His research is an empirical study of management accounting, firm analysis, and applied statistics, particularly firm valuation. He received awards from several academic societies in accounting and management.