

Poverty and hardship increase risk-taking in old age

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As previous studies have shown, people's propensity to take physical, social, legal, or financial risks decreases with age. But does that hold for everyone? Or do international differences exist between countries and cultures? And what is the role of factors such as poverty or income inequality? These are the questions that researchers from the University of Basel and the Max Planck Institute for Human Development in Berlin addressed in a study published in the journal *Psychological Science*.

The propensity to take risks in an everyday context decreases with age in most [countries](#), including Germany, Russia, and the US. In these countries, men on average are also much more disposed to take risks than are women. But in other countries, such as Nigeria, Mali, and Pakistan, risk behavior is higher, more stable across age, and more similar between the sexes. These findings are based on data from 77 countries in a study by researchers from the University of Basel and the Max Planck Institute for Human Development in Berlin.

After determining that the propensity to take risks does not differ equally as a function of age everywhere, the researchers compared the current standards of living in these countries, looking at, indicators of hardship, for instance, economic and social poverty, homicide rate, income per capita, and [income inequality](#). A clear connection emerged between the hardship in the country and its citizens' propensity to take risks. Whether people are willing to take risks in old age depends on external circumstances.

"We were able to show that in countries with great poverty and difficult living conditions, the propensity to take risks remains high even in old age," says Rui Mata, assistant professor and director of the Center for Cognitive and Decision Sciences at the University of Basel. "One reason could be that citizens of countries in which resources are scarce have to compete with each other more fiercely than in wealthier countries." This holds for both men and women and may also account for the smaller differences between the sexes.

"The results highlight the fact that when studying [human development](#), we need to take into account the interactions between cognition, behavior and environment," says Ralph Hertwig, co-author and director of the Center for Adaptive Rationality at the Max Planck Institute for Human Development. "For research on decision making, this means that—unlike what many economists assume—individuals' risk propensity cannot be considered stable over time. Our study instead shows that across many cultures, people tend to take fewer risks as they grow older. At the same time, this adaptive process also depends on local [living conditions](#) and existential needs," he notes.

For their study, the researchers analyzed data from the World Values Survey (see box), an international survey that surveyed the values and views of people from all over the world. In doing so, they compared a total of 147,118 responses from people aged 15 to 99, 52% of whom were women, out of a total of 77 countries. The focus of their investigation was risk propensity. Participants were asked to indicate their similarity to someone who is adventurous and takes risks on a scale of one (very much like me) to six (not at all like me).

In further investigations, the researchers are using longitudinal data from the German Socio-economic Panel (SOEP). The goal is to trace age-related changes in risk propensity longitudinally over a time span of up to ten years. "This will be the first longitudinal study surveying adults of

all ages over a long period of time in order to investigate individual changes in risk disposition in different life domains. The focus is primarily on the areas of finance, health, career, leisure time, and social life," says Anika Josef, main author of the follow-up study and doctoral student at the Center for Adaptive Rationality, Max Planck Institute for Human Development.

More information: R. Mata et al. Propensity for Risk Taking Across the Life Span and Around the Globe, *Psychological Science* (2016). [DOI: 10.1177/0956797615617811](https://doi.org/10.1177/0956797615617811)

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